Thursday, 4 December 2025

(10.01 am)

LADY HALLETT: Mr Hudson.

MR HUDSON: My Lady, the first witness is Joanna Killian.

MS JOANNA KILLIAN (affirmed)

Questions from COUNSEL TO THE INQUIRY

LADY HALLETT: Thank you for coming back to help.

MR HUDSON: Ms Killian, are you the Chief Executive of the Local Government Association?

A. I am.

Q. And during the pandemic were you the Chief Executive of Surrey County Council?

A. I was.

Q. You have provided a witness statement to Module 9 of the Inquiry, the reference number is INQ000655757; is that right?

A. It is.

Q. Ms Killian, the first question: in a sentence or two, what was the role of the Local Government Association in the economic response to the pandemic in England?

A. So the Local Government Association represents more than 300 councils in England, and our role was to coordinate our work with central government to make sure that the voices of local government were material in the government's planning and action in support of the

pandemic.

Q. The first set of questions is about local government funding, and the first question within that set is a broad one about the Ministry of Housing, Communities and Local Government.

The evidence the Inquiry has received so far tends to support the broad view that the ministry engaged well with local government on funding during the pandemic. Do you share that view?

A. I do. There's been a long history of positive working with the department and local government. That's based on the need, every year, to have deep discussions about how local government is funded and the mechanisms they have to deliver public service.

It's also true that those discussions and consultation arrangements absolutely provided the bedrock to the discussions that were had when the pandemic came into view. So it's a very strong set of relationships that were in place.

Q. So if it worked well during the pandemic, do you think that primarily owes to pre-existing relationships and structures on those issues?

A. It was partly a history of positive relationships in the build-up to the pandemic, but it's also true that extra and specific arrangements were put in place. So, for

example, the department would regularly reach out, seek the views of the LGA, but individual councils. They made provision for representatives from each of the regions, chief execs, to be connected, engaged and informed on big policy matters as the pandemic grew, and through the life of the pandemic.

So there were existing relationships, but new provisions that made it much more possible for the voice of local government to influence the design of schemes and programmes that they were thinking through.

Q. More narrowly, on certainty of funding for local government, presumably it's important for local government to have certainty on the amount and the timing of funding; is that right?

A. It is. And it's true to say that going into the pandemic, we had good relationships with MHCLG, but absolutely there was also the context that local government has experienced significant cuts for the previous 10 years. So the financial position of councils was weakened through that.

We had become used to annual planning, so the disruption caused initially by the pandemic, and particularly the announcements to lock down, were really a sort of shock and a shudder. So, for us in local government, it was crucial through the pandemic that,

where possible, authorities did have certainty. But again, in the context, I think, of none of us understanding early on that the pandemic would last for so long and the implications would run across, you know, two financial years.

Q. So is that maybe a reflection that certainty is even more important where finances are already in a somewhat parlous state?

A. Absolutely, certainty is key, and one of the, sort of, core arguments for us has always been that local government should be funded on multi-year settlements.

Again, the department has listened to that, actually, and we are, sort of, more confident now that that would be the case, but definitely at the time of the pandemic, while we absolutely welcomed tranches of money being made available to us, it was the uncertainty from, sort of, quarter to quarter, what would be made available, and that did affect how we could plan to best effect.

Q. We -- we know -- as the Inquiry, we're well versed in the fact that the pandemic was an incredibly uncertain time. Given the inherent uncertainties of the pandemic, what are your reflections on how well the ministry provided certainty of funding to local government with that background in mind?

A. I think MHCLG already understood the sort of pressures that were sort of build into the system, particularly around adult social care and for children in social care. So I -- I believe that that sort of knowledge about our, sort of, weaknesses and frailties absolutely was material to helping MHCLG both think about their own response to us financially, but also to advocate for us across other departments where relationships were not so strong or understanding of the sector was much weaker.

Q. I'd like to ask you now about the monitoring by the UK Government of local authority finances. The Inquiry understands that the ministry monitored how funding provided to local authorities was spent, and what financial pressures they faced.

We understand that that information was important to the refinement and development of UK-wide economic interventions. I want to ask you about the practical effect of that monitoring on local authorities on the ground. Was it seen as burdensome? Was it seen as worth the effort?

A. So we, as the LGA, and with councils, worked with MHCLG to design a survey that would allow the sort of capture of relevant information. The form of that survey, you know, we iterated through it, but it became a really strong means for the department to be able to collect

good, strong, sort of data and evidence, both quantitative evidence but also wrapped around some qualitative evidence about how it felt to be there.

Actually, response rates from councils were really high, never below 80%, and I think that gave a really strong picture into government about the financial pressures that we were facing.

I think it also gave comfort, actually, to local government that, you know, true data and evidence was being used to enable the department to make good decisions in their own right, but also to be able to share that information more widely into other departments.

However, the dataset wasn't comprehensive, I think it didn't necessarily cover as much as there should have been that might have influenced the sort of behaviour of other departments. They relied less on data. They had, I think, insufficient information about what we do and how we did it. And I think that's still true today.

Q. Ms Killian, something we're particularly interested in is -- arises from the report of David Phillips who has provided an expert report to the Inquiry on local government finance. He reflects on the data provided by local authorities in England, and in Wales, to central government as being important datasets that helped to

inform those governments in their development of economic interventions.

His opinion is that similar measures in Scotland would also have been beneficial. And what these questions are intended to get towards is, was the burden on local authorities in producing this too much, or do you think the balance was struck correctly?

A. It didn't feel so burdensome. It felt that there was purpose in gathering the data. I think there were good conversations to make sure that the data was valuable for local authorities, but also for government. And as I've said, we sort of iterated our way through it. It was a really strong evidence base. I think we would have been much more concerned, had we not had the opportunities to put sort of accurate data through into government.

I think, where we felt much greater burdens, to be honest, was the amount of reporting that was required, particularly on the number of ring-fenced grants that local government had to deal with. So we were delighted some of our funding came un-ringfenced, we could spend it, but actually the reporting regime around individual grants and programmes in some instances was incredibly burdensome, and actually the target of those grants were not, I think, sufficient to meet needs in local places.

So I think we would have been more concerned about the burdens on grant reporting.

Q. I'd like to ask you now about the delays between the announcement of funds and the guidance on their use. We're sticking with the ministry for local government here, we'll move on to business grants later. What practical effect did delay have on local authorities?

A. I mean, at the time, you know, authorities were under really significant pressure. You know, as a serving chief exec at the time, we were redeploying people into frontline activities. We were really changing how we were supporting, including the most vulnerable person. Some of the announcements made were I think with good intent, but it would take a number of days before we actually got guidance, and to remember at that time, there were lots of guidance and instruction coming from various departments, not just about money but other aspects of how we might change the way we work.

So it felt there was lots of information coming, and it -- the effects of it was expectations being raised by -- with members of the public, expectations about how we would fill our duties, were sometimes undermined. But I would say that MHCLG were much better than other departments about giving us notice, and then using us to design some of the implementation as well.

Q. That's the experience of this pandemic.
A. Yes.
Q. In future similar circumstances, how could that be improved?
A. So I think for us, standing back, the principle must be that local government is involved in design and that sort of design should be happening now. I think, had we been involved slightly earlier on in some of the programmes, I think we could have tailored impact, and that, I think, would have relieved some of the worst aspects of the pandemic.

So, at this point I would say that, despite great sort of knowledge that has come out of the pandemic, we haven't been engaged as the LGA -- or councils have not been engaged in translating all that learning into a process now that would allow us -- if a pandemic arose, you know, next month, in six months, I'm not sure that we'd be in a much better place because the learning hasn't been translated into the mechanisms we would use to behave differently.
Q. On that note, then, could we have a look at the ministry's Pandemic Response Framework.

It's INQ000625658, pages 27 to 28. Thank you. If we could highlight the first two paragraphs, thank you.

And it reads as follows -- this is a document

produced in February of this year by the Ministry of Housing, Communities and Local Government:

"As demonstrated during Covid-19, local authorities play a critical role in responding to pandemics. Their local leadership, knowledge of communities, and ability to quickly adapt and design services to meet local needs, puts them at the forefront of response.

"From public health protection to, to economic growth, the expertise of local authorities is vast, meaning they can help tackle the full range of potential impacts on local people, places and the economy."

First question, what do you make of the recognition of the importance of local authorities in these paragraphs?
A. I think it's a powerful and, sort of, completely correct analysis of local government and how brilliant it is in local places, especially in a crisis.
Q. Thank you.

There's a part further down the page beginning "For any future pandemic response", and it reads as follows:

"For any future pandemic response, MHCLG will have a key role in emphasising to OGDs [that's other government departments] the importance of early engagement and co-design with local authorities, particularly where it is possible that local authorities

will lead or support delivery.

"More broadly, MHCLG should produce a local engagement strategy, making use of established mechanisms ...

"MHCLG must also closely monitor the financial impacts on local authorities ..."

What do you make of the plan for the ministry to play a key role in emphasising to other departments the importance of early engagement?
A. I mean, MHCLG, you know, absolutely are a connector between local government and other departments, but it's also true, I think, that other government departments should invest time and energy and logic actually to understand local government, our powers, our capabilities and essential role that we play.

I think there's consistent evidence in this module and in others that would flag that that understanding was not, sort of, relevant, consistent, and actually I think it hindered the impact that we could make at a local level.
LADY HALLETT: You can't give me an example of what you mean?
A. So, I mean, we might sort of cover it a little later, but say, for this module, the Department of Business, as was then, saw us as a sort of delivery arm. Like we

were a contractor, almost. They had an expectation that if we were, sort of, billing out to businesses, we would very automatically have been able to collect revenue. It -- it just didn't work like that. They didn't understand the complexity of our business; they didn't understand the local environment; they didn't understand our powers. And that became a, sort of, real frustration when there was so much pressure being, sort of, put on councils at the time.

Another example would be in relation, actually, to one of these grants, the Department of Health and Social Care had made an assumption that councils would know every single market provider of care in their place. And in Surrey there was 10,000 of them. It was not possible for us to be able to work in -- in that way. So, just being able to really understand what we do, how we do it, and particularly the nuance for us about things being super local. We can do things in a super local way that I think is misunderstood sometimes.
MR HUDSON: With that in mind, do you consider that this key role in emphasising to other government departments the importance of early engagement, do you think that's strong enough? Do you think there is enough detail of the "how" in there?
A. I think the sort of goal is laudable, isn't it, but it's

about bringing life to that, and requiring specific actions by other government departments, and in the playbooks that we have observed from other government departments, you know, our role is still tiny, if mentioned at all.

So I think the goal is right. I think there's a huge amount of work to bring that to life quickly so that a major event could be managed in a very different way.

Q. We will come on to discuss the Treasury and the Department of Business and Trade, and their approach to local authorities in playbooks that have been produced.

Sticking with the ministry's playbooks, there's this one, and I think you've seen another one that I won't ask to be brought up on screen: the Financial Shocks playbook, INQ000319414.

Have you had a chance to review those playbooks?

A. [No audible answer].

Q. What role has the Local Government Association played in the development of those playbooks?

A. We haven't played a role. We haven't been invited to play a role yet.

Q. What do you make of that?

A. It's disappointing. Yeah, it's disappointing. And something that is sort of also a priority for us to

pursue with the department, but yeah, there has been no engagement from the LGA or, as I understand, from any other local authority in its development to date.

Q. I'd like now to move to business grant schemes. The Inquiry understands that there were three cohorts of those schemes: the first in spring 2020; the second, autumn 2020; and the third, December 2021.

We understand that business grant schemes were designed by the Treasury before being handed to the Department for Business, Energy & Industrial Strategy, as it then was, to manage, with local authorities responsible for delivering the grants to businesses. Does that all sound correct?

A. It is correct.

Q. Cohort 1 comprised the Small Business Grants Fund announced as part of the budget on 11 March 2020. It also included the Retail, Hospitality and Leisure Grant Fund announced on 17 March 2020, and the Local Authority Discretionary Grant Fund announced on 1 May 2020.

The Inquiry understands that the Local Government Association, nor local authorities themselves, were consulted in the design of any of these schemes? Is that your understanding?

A. It is my understanding, yes.

Q. Thinking on a practical level, what value could the

Local Government Association have brought to the design process if it had been involved?

A. So the really important backdrop to this is, you know, councils were really concerned to support businesses in their economies. Of course, at the time, there was a great focus on delivering support to the most vulnerable people, but absolutely there was a recognition that businesses had to be supported to survive.

So local government, of course stepped forward, and recognised the role that they should play to support businesses. But the reality was, the systems and processes in place actually to collect business rates are distinct. There weren't systems and processes in place to be able to offer out grants. And I think there was a real misunderstanding that we could quickly change everything and, you know, provide the mechanisms to do this at speed and pace.

So, absolutely there was a willingness to do it. I think there was great disappointment about the fact that there had been no, sort of, involvement or engagement in design. And at the same time, of course there was pressure from senior ministers for grants to be dispatched, you know, as quickly as possible and again, an understanding about why that was.

So councils did make changes and improvised and set up systems, but it would have been much better if there had been earlier engagement in design.

I think some of the asks were also quite counter-cultural. You know, as a sector, we are very cognisant about the importance of managing fraud and errors in other processes that we run to distribute revenue. We always have these checks. So not only was the design, I think -- you know, we weren't encouraged to be part of the design process, but I think we were flagging really quite legitimate concerns that, even though we were in a crisis to, it was right, actually, there were some checks to ensure that money was going to the right places.

And clearly, we did not -- councils did not have all the data. Again, there was an assumption from HMT, for BEIS, that we had all the information about all businesses in our places, and that just could not have been true. And again, councils weren't invited to describe those gaps or to provide solutions.

So, it felt very uncomfortable for councils in the first wave, particularly as a number of professionals were -- you know, ministers were making direct calls to them to encourage speed and pace, and it became an uncomfortable position, but recognising councils did

really want to support their economies at the same time.

Q. Can I, perhaps on that note, take you to a specific example of communication within central government that did not involve local government, that perhaps should have done.

Jenny Dibden was the co-director of the Cities and Local Growth Unit. That unit was jointly owned by BEIS and MHCLG during the [pandemic]. Ms Dibden was responsible for the business grant schemes between March 2020 and March 2021, and in her witness statement to this module of the Inquiry she references an email exchange of 7 March 2020, so four days before the budget at which the first business grant scheme was announced.

The email exchange involved officials from BEIS, MHCLG, and the Treasury. The details discussed the development of the Small Business Grant Fund.

Please could we have on screen paragraphs 5.11 to 5.12 of INQ000661243. Thank you.

What we see here is Ms Dibden referencing an email exchange, and she begins at the -- towards the end of paragraph 5.11:

"HMT [the Treasury] also wrote:

"'My initial thinking was also that this would be easier if we gave [local authorities] more discretion. But perhaps with some guidelines about what kind of

criteria we think they should use.

"'Any thoughts about how we could be more specific about what we think [local authorities] might be able to do/achieve? Whether they would welcome the funding, or criticise us for expecting them to do the impossible?'"

And the reply from an official at the Ministry of Housing, Communities and Local Government comes:

"... 'I think it's hard to call how they [local authorities] would react. I think the more cumbersome you make it and the more pressure you put on [local authorities] to do it quickly, the harder it will be.'"

With this specific example in mind, if, for example, the chief executive of the Local Government Association had been included in this email chain, could they have added value?

A. Absolutely they could have added value and, you know, if colleagues from CIPFA, the accounting body, had been brought along, I think we could have sort of persuaded them to do some design with us, and we could have done it sort of quickly and purposefully.

I think the evidence coming here on the Flood Recovery Framework, I mean that was a tiny thing compared to what was being sort of proposed for local government. And I think this sort of evidence, I think,

goes back to my earlier point about other government departments not knowing us, not understanding what we do, and actually not understanding -- again local government's willingness to do really difficult things.

Q. Can I just interrupt you and press you a little further on the distinction between different departments?

A. Yes.

Q. You've spoken positively about the ministry for local government earlier. They're involved in this email exchange. Would you expect them to alert others to the need to consult with local authorities?

A. I'm -- I am aware that MHCLG did sort of seek to broker on our behalf, but I think their view, in other evidence statements is, you know, HMT were setting a tax policy, and in this context, a grant scheme, you know, BEIS were delivering it, and MHCLG were providing some sort of advocacy for us. But I think the force for speed and pace of this scheme came from Treasury and BEIS, and I think some of the evidence here just does suggest a lack of understanding about what we do. Yeah.

Q. But would you have expected the ministry to be advocating for you in these circumstances?

A. Yes, absolutely. I would have expected it, and I believe that they did. But the impact was insufficient, clearly.

Q. There's two counterpoints, as far as the Inquiry can see, to the notion that the local authorities should have been included in this email exchange, or generally, in context of this measure.

The first is that this was to be announced as part of the budget. Budgets attract a certain amount of confidentiality. To what extent do you regard that as justification for not consulting local authorities?

A. I mean, I think the context for that budget was wholly unique, wasn't it? I mean, the pandemic was starting to bear down, and it would have been appropriate, I think, to trust and have confidence that officials within local government could have held private and confidential information, could have been invited into a safe space to do the design, and I think it was an error that we weren't.

Q. The second counterpoint: we've heard evidence, particularly last week, that there were at times in this acute period of the crisis, there was at times thought to be a trade-off between the value of pace and the value of consultation, and those two have, in some quarters of the evidence, been pitted against each other as equal and opposing notions. Do you accept the trade-off that consultation inevitably delays announcement of important funds?

A. I absolutely recognise the need for grants to be distributed quickly. I don't think we were searching for days and days of consultation, you know. And a few hours in a room, actually, could have, I think, assisted in making the schemes much more purposeful and targeted, and there's evidence that the LGA and councils acted so quickly in responding to requests for information and advice in so many other circumstances.

So I think provision could have been made to seek our advice and practical input and it wouldn't have prejudiced the sort of the principle of getting stuff out of the door as quickly as possible.

Q. I'd like to move to the cohort 2 grant schemes now, please. This is autumn of 2020. The same witness, Jenny Dibden, sets out her belief that local authorities were not consulted in the design of the Local Restriction Support Grant which was announced on 9 September 2020.

Firstly, from your own knowledge and speaking to others in preparing your statement, do you know if the Local Government Association was consulted in the design of this scheme?

A. I don't believe that we were consulted, no.

Q. Could I ask for the Treasury's corporate statement, annex F, to be brought up on to the screen? It's

INQ000661268. It's the part of their statement which deals with business grants. We're at pages 32 to 33, paragraph 109.

This is the corporate statement provided by the Treasury to Module 9 of the Inquiry. Paragraph 109:

"That same day, the Chancellor asked officials to work up the proposals and engage with selected [local authorities], as well as other government departments to get their input into policy design. At this stage -- and as advised by MHCLG -- it was considered impracticable to get input from all 300+ authorities so MHCLG suggested a small number who [the Treasury] could speak to in a more informal way during policy development. Those selected had previously been vocal on grants issues. (As set out later in this statement, HM Treasury and MHCLG did engage with all [local authorities] to communicate on the scheme once it had been designed) ... and their feedback was used to refine later versions of the grant schemes."

I think we can distill the following three facts from that paragraph: firstly, the Chancellor asked for engagement with local authorities; secondly, MHCLG suggested a small number for the Treasury to consult in policy development; and thirdly, there was engagement with all local authorities after the scheme had been

designed.

It's not clear from that paragraph alone whether consultation with local authorities on design actually took place.

Can you help any further?

A. I'm not aware that the design took place, and I would have to, sort of, refer back, but I'm not aware there was any detailed design.

Q. Thank you. So, putting to one side consultation on design, local authorities do appear to have been engaged by central government on developing guidance after a scheme had been announced. What was the involvement of the Local Government Association in that kind of consultation? And was it effective?

A. So, I -- so, one of the frustrations was, you know, guidance in this context too was released. Colleagues from the LGA and from councils had genuine queries about the design of the scheme. Those comments were fed through a variety of mechanisms, webinars, Q&A sessions, and schemes were often sort of varied. And that did lead to, sort of, frustrations. And, you know, in cohort 2, for example, there were a number of sort of sub-schemes as well.

So, our role was often about trying to get to the detail and to get to, sort of, precision, so that we

could answer the questions that businesses and others were posing to us on a pretty frequent basis, locally, too.

Q. One of the recommendations that the Local Government Association makes in its statement is for announcement of schemes and guidance to be published at the same time.

Is that feasible in a fast-moving, dynamic situation like this? Or is the real point to narrow the gap in time?

A. I think wherever possible it should be the narrowest period of time. Sometimes announcements were made, and we had to wait a number of days, weeks, actually, for the detail. And I think that sets such a difficult expectation with the public and, in this context, with businesses.

And in some -- you know, at some moments, we -- you know, we work in a political environment, we can understand that, but I think it was really unfortunate in setting expectations incorrectly and, yeah, making people feel pretty unhappy.

Q. I'd like to ask you now about the publication of data which has become known in some quarters as the league table.

On 20 April 2020, data was published by the central

government regarding the proportion of allocated funds that had been paid out to businesses by local authorities. Do you think this was a productive part of the economic response to the pandemic?

A. I think our view was it was a really unhelpful and, sort of, undermining process.

I think there were a number of reasons why the performance in delivering grants varied: the economies were different, schemes were different in different areas at some points. And I think it put unnecessary pressure into councils, who felt they had to respond to the league table positioning, press enquiries, political enquiries, and it really sort of, I think, detracted from the job of the day, which was to get grants out.

And, you know, a lot of staff were working overtime, you know, working seven days a week to get this through, and it was a really quite demoralising impact, actually.

Q. On the notion of demoralising impact, the publication of a league table and the decision not to consult with local authorities in the design of business grant schemes, how did those two factors impact on the trust in the relationship between local authorities and the Department for Business and the Treasury?

A. So, because some of the schemes were not designed correctly and had not understood the cohorts of business

and the particular pressures they were facing -- for example, for small businesses who were already in a 100% -- receiving 100% of business rate relief, in some schemes they weren't eligible, but they were the tiny small businesses that needed the cash most.

There were other instances where an assumption had been made about small businesses who might be tenants; they weren't getting benefit. Grants being, sort of, misdirected, I think, to large businesses, you know, national, international businesses, who really didn't need it.

So, it -- it felt that the -- some of the poor scheme design, the league tabling, actually diminished some trust between local businesses and councils. It, sort of, put pressure in between local government, BEIS and HMT, which was not necessary. And I think some of the actions that local government took, you know, proved to be the correct thing.

So, you know, in the first cohort, you know, pressure was on to get grants out, fraud and error rates were high. As the schemes were better designed and local government were more involved and Treasury respected the sort of checks they were putting in place, fraud and error reduced.

So, it's a very difficult time, but I think a league

table in the middle of it and individual ministers calling people to put pressure on them, really did not help, I don't think.

But it goes back to this fundamental issue that if there had been moments of quick design, some of this could have been avoided. And better data.

Q. In February of 2021 the Department of Business conducted a lessons learned exercise. It concluded there had been a lost opportunity to evaluate the cohort 1 schemes between June and August 2020 and implement improvements, and that a formal lessons learned exercise ought to have been undertaken at that time.

As a result of that review, the department established a programme board to provide oversight of local authority business grants, provide a mechanism for discussion, and it comprised officials from the Department for Business, the Treasury, local authority representatives.

In principle, what are your views on that as a structure for engagement?

A. I mean, we welcomed the formation of the board and the fact that, sort of, colleagues from local government were invited to participate. I think their, sort of, practical knowledge, sort of, really helped the functioning of the board.

But it was set up late in the process, wasn't it?

And um ... yeah, so, as a mechanism, it was more positive than we'd experienced.

Q. In practice, we know that the cohort 3 business grant schemes were developed at short notice around the Christmas period 2021. They were designed by the Chancellor separately to the programme board.

You've reflected on the positive aspects of the structure in principle. What are your reflections on the fact it wasn't used in practice?

A. I think, you know, it was really disappointed. I think we'd participated in the board in good faith. We believed that that was a, sort of, secure mechanism to deliver design and it was, therefore, I think, unfortunate that the cohort 3 grants, some of the design there I think was not the best design, and had there been better input from local practitioners, I think the scheme would have landed in a different way.

Q. Similarly to before, I'd like to now take you to a specific example of correspondence to illustrate the point, perhaps, and it's an email chain at INQ000543800.

The date range is 17 December 2021 to 7 January 2022. And we're beginning here on pages 3 to 4 and working our way backwards. The email is from somebody we'll call Mr X at the Local Government

Association. It's on 17 December, and it's to an official at BEIS, Anastasia Osbourne.

There is reference to meeting on 8 December, and then this:

"I am getting in touch as the LGA has been picking up that the Chancellor of the Exchequer has been briefing that around £250 million of ARG ..."

Is that Additional Restrictions Grant?

A. Yes, it is.

Q. "... is still outstanding and available for distribution, within the context of calls for additional business grants to cope with the pressures caused by the current "Plan B" situation."

This is an email, isn't, it, from the LGA asking for clarity on how the Treasury is approaching the Additional Restrictions Grant?

A. Yes.

Q. And I think we know there was no response to this email.

Could we turn next to pages 2 to 3, a follow-up email between the same people on 21 December, and it begins:

"Hi Anastasia, I see from ... the Treasury website that there is a new up to £6000 grant scheme to support businesses that are experiencing difficulties because of the Omicron variant ... The estimated value ... is

£683 million ..."

And further on at the bottom:

"I am sure you are busy drafting the guidance. I wonder if there is a case for reconvening the previous [Local Authority] Grants Advisory Group to discuss any drafts; I know that in previous rounds, your colleagues found their input useful."

And again, there was no response to this email, was there?

A. No, there was no response.

Q. There was then an email on 7 January 2022, same person emailing the BEIS official, thanking her for the publication of the guidance on the new Omicron Hospitality and Leisure Grant, and asking for further discussion to be had and raising issues with it.

Finally in this series of emails is the response. Shortly thereafter, about nine minutes afterwards, from Anastasia Osbourne:

"As you will appreciate, we were pushed to get the schemes of the ground quickly, over the holiday period which was challenging. In regards to the criteria, ARG, which sits alongside the Hospitality and Leisure Grant, gives [local authorities] flexibility to give grants to the businesses you have mentioned.

"In regards to the Advisory group, the team will now

[be] focused on communication and engagement and I will make them aware of the concerns being raised."

How do you reflect on this series of interactions?

A. Again, I think we were all really concerned, going into that period of time, about again, the impact on businesses. We were concerned that we hadn't been engaged, and initially, some of the data and assumptions that the Treasury were using about previous use of the grant were incorrect and using old data, I think from August.

I think councils by this time were even more experienced and understanding of the very specific issues in their places that would have benefited from a purposefully designed grant scheme with maximum, I think, discretion, but again at a crucial time, we were not engaged and invited, I think, just to be communicated with.

Q. I won't ask for it to be brought up on screen, but on 31 January 2022 there was a meeting of the programme board, and a Treasury official responded to the concerns being raised by this Mr X person. And he responded that:

[As read] "The decision around eligible business sectors was out of BEIS's control [ie, for the Treasury]. The context in which decisions were taken

was during a period of economic uncertainty and public media scrutiny. The priority for the Chancellor was to deliver the funds to businesses as quickly as possible with little time for consultation. A different approach would have significantly delayed the delivery of the scheme."

So we see here again the purported trade-off between time to consult and speed of delivery. Do you accept that trade-off? Particularly given the context of -- we're now in December 2021, not March 2020.

A. I think because we are at this point in December 2021, we should have learnt to live with, you know, an equal design process. I think at this point, you know, there should have been processes that would have enabled us absolutely to sort of contribute to the design, and the Omicron hospitality programme that was eventually rolled out, I think didn't consistently meet the needs of businesses in places. There were some flaws in the programme.

And I think had we been involved in design, then some of those issues could have been alleviated. And I think the businesses and the public were so frustrated at that point -- I could understand, you know, the need for speed, but actually elements of the programme actually didn't meet what businesses and members of the

public had expected or wanted. So I think we were really concerned that, you know, after 18 months of doing this, it didn't feel that much had changed.

Q. Putting it bluntly, is the point maybe that it's all well and good having a board and a structure which can work, and which has structures built into it, but it needs earnest buy-in from the Treasury to be effective?

A. I mean, principally the board had been set up by BEIS. I don't think it had, you know, a mandate, a specific mandate from HMT. So it was their board. So it shouldn't have been circumvented, and it's unfortunate that it was.

Q. Do you think that lack of a mandate from HMT is a weakness in that structure?

A. I think it is a weakness, and it's a lesson for the future, isn't it, about the importance of having arrangements that could be stood up that have clear terms of reference, and a clear locus to avoid sort of confusion, and other avenues to deal with a policy or a practice issue.

Q. I want to ask you about the playbooks produced by the Department for Business and Trade in draft form. So it's important to know that these are not purporting to be the finished article.

A. Yeah.

Q. First, is the draft pandemic playbook INQ000661558, page 17, paragraph 96, which states this:

"Local authorities have the local knowledge on businesses in their area and are therefore likely to remain a critical delivery partner in the business support element of any future pandemic response."

However, as far as the Inquiry understands, and we would be interested in your reading of the playbook, reference is not made to how local authorities will be engaged. Firstly, is that your reading of it, and secondly, what do you make of that?

A. It is my understanding. I think there's sort of scant reference to local government in this playbook, and that's sort of a concern, given all the knowledge and experience that should have been accrued through this period of time.

Q. The second playbook I'd like to ask you to look at, also produced by the Department of Business and Trade.

INQ000661559, page 4, paragraph 2.1.4.

Also, it's important to note, in draft form. It states this:

"Where schemes are to be administered by [local authorities], regular engagement will be via established MHCLG network routes, LGA, and directly through dedicated forums and webinar delivery sessions."

And just hold that in our minds and go to paragraph 2.2.2, which states that:

"The Grant Delivery Directorate (GDD) owns capabilities which have been used for responses to individual company economic shocks, and emergency localised flooding support as well as wider economy systemic shocks such as the 2008 financial crisis, COVID-19, and emergency energy support and has strong connections with MHCLG and Local Authorities."

Firstly, has the Local Government Association had any involvement in the development of these playbooks?

A. It has not.

Q. Do you support the sentiment of the playbooks?

A. I support the sentiment, but I think the language of engaging and communicating in the previous paragraph doesn't, sort of, recognise the role that we should have in design. I think it's absolutely crucial that the playbooks make space for our knowledge and the knowledge of businesses to be part of their sort of planning. So it doesn't make me feel comfortable.

In relation to 2.2.2, they may have strong connections with MHCLG, but we don't have consistently strong relationships from the LGA or from local authorities with this particular directorate or BEIS, and that's something I think we've got to correct.

Q. Final topic of questioning before we have a break. And you'll know that after the break we'll be hearing from Dr Chris Llewelyn from the Welsh Local Government Association; this is a prelude to that evidence, essentially.

We understand from the survey of local authorities that's been provided to the Inquiry, that Welsh local authorities were much more positive about engagement on business grants with the Welsh Government than were English local authorities.

Why do you think there is that distinction?

A. Some of it is about scale. You know, there are fewer Welsh authorities. The government, in a sense, is closer. You know, the -- the scale and volume of businesses, grants that had to be delivered in England was much more sort of significant. The same for, you know, grants to local authorities.

But my impression is that the Welsh Government had a more consistent way to engage early, talk, design, and a different expectation about local government as really good delivery partners.

MR HUDSON: Ms Killian, thank you.

My Lady, those are my questions.

Questions from THE CHAIR

LADY HALLETT: Can I ask, Ms Killian, can I use you, I'm

very wary of making recommendations where you can't see on whose desk it's going to land and how it's going to be implemented and how you monitor whether a recommendation is implemented.

And I get your message is, you know, what we need is better engagement at an earlier stage in design and the like of schemes such as this, especially with the local authorities who are going to be delivering it. How can I make a recommendation that would get that message across and implement it? Have you any thoughts as to how, practically, it could work, apart from just saying "You should engage more with local authorities when you're designing a scheme they're going to be delivering"?

A. I think that is a great question. But with your permission, could we go away and think about that --

LADY HALLETT: Of course.

A. -- because it's so crucial, and make a submission back to you?

LADY HALLETT: I think that would be an excellent idea. And, of course, it also would be the opportunity to make closing submissions. Ms Stober, I'm sure, would put forward any good ideas you have.

I just want to make sure that if I do make recommendations -- if I do agree with you and if I do

make a recommendation, that we can make it -- I think the modern word is "land".

A. Yes, and with your permission, can I just come back on one point? I think that's so important -- we've, quite rightly, spent a lot of time talking about grants to businesses, but I think there were so many lessons learnt about how grants to support super vulnerable person were not designed as well. So if we could offer back some suggestions on both, that would be really powerful and helpful, I think.

LADY HALLETT: If you can, I'd be really grateful. I appreciate it may be too difficult but I appreciate your help.

THE WITNESS: Thank you.

LADY HALLETT: Thank you very much indeed for the help that you've given so far and your organisation have given to the Inquiry, and I'll wait to hear whether you've got more help to give.

THE WITNESS: Thank you.

LADY HALLETT: Thank you very much indeed.

Very well. We shall break now, and I shall return at 11.15.

(11.00 am)

(A short break)

(11.15 am)

LADY HALLETT: Ms Wilson.

MS WILSON: Thank you, my Lady. The next witness is Dr Chris Llewelyn.

DR CHRIS LLEWELYN (affirmed)

LADY HALLETT: Thank you for coming back to help us, Mr Llewelyn.

THE WITNESS: Thank you.

Questions from COUNSEL TO THE INQUIRY

MS WILSON: You are Dr Chris Llewelyn.

A. Yes, that's correct.

Q. The Chief Executive Officer of the Welsh Local Government Association; is that right?

A. Yes, that's right.

Q. You've provided, I think, nine statements to the Inquiry now, one of which is to Module 9, with reference number INQ000653255; is that correct?

A. That's correct, yes.

Q. And in fact this your fourth time giving evidence to the Inquiry?

A. That's also correct.

Q. Can I thank you for the assistance you've given so far.

Membership of the Welsh Local Government Association, the WLGA, is voluntary, as I understand it.

A. Yeah, that's correct.

Q. But all 22 local authorities in Wales, and additionally

three fire and rescue authorities and three national park authorities, are members?

A. That's right.

Q. I just want to start, please, by asking you about the role of the WLGA in the economic response. And in your statement you describe the role of the WLGA officers as an "honest broker". Can you elaborate on what you mean by that?

A. Yes, the WLGA acts as an interface between the member bodies, the 22 local authorities, the national parks, and the fire and rescue services, with -- it acts as an interface between those bodies and the Welsh Government in particular, but other tiers of government, and other national bodies as well.

And in a sense, it provides a mechanism. Rather than each tier of government or any national bodies having a bilateral relationship with each one of the 22 authorities, the WLGA acts on their behalf.

The association isn't a public body as such, it's a membership organisation, so its status is slightly different.

We may come on to it, but the Government of Wales Act and the arrangements surrounding the Partnership Council and the Statutory Partnership Scheme identifies the WLGA as the voice of local government, so it

provides a legal underpinning, a status, if you like.

But, in a broader sense, we act as the voice of local government, but very often we -- we have no formal decision-making role, but, as I say, we act as that interface between various bodies and local government.

Q. I want to come on actually, next, to ask you about the structures for engagement, in particular the use that was made of those pre-existing formal structures.

You've touched on, there, the Government of Wales Act, that requires the Welsh Government to engage with local authorities, including the WLGA, through the Partnership Council for Wales; is that correct?

A. Yes, that's correct.

Q. But particularly relevant for our module is a subgroup of that forum, the finance subgroup of the Partnership Council for Wales; is that right?

A. Yes, that's correct.

Q. That was a forum which usually met about three to four times per year prior to the pandemic?

A. Yeah.

Q. But in the pandemic there was just one extra meeting in the financial year 2020-2021. Who decides the frequency of those meetings?

A. The reality is they're normally agreed by consensus. There is a prescribed approach, but the nature of the

relationship is one that a consensus emerges.

One of the -- if I can just elaborate, one of the -- one of the big things that the local WLGA, the local government association does, is negotiate the revenue settlement for local authorities every year, and that's been the case since the advent of devolution. And it's these mechanisms that sit under the Partnership Council that facilitate those discussions.

Q. So there was a meeting on 5 February 2020, very much business as usual. The next meeting, which was the one additional meeting, was on 30 April 2020; is that correct?

A. That's correct, yes.

Q. So that takes us to about a month after the first national lockdown. And you stressed in your evidence to earlier modules of this Inquiry that the earlier the engagement, the better the outcome. What do you make of the timing of that additional meeting?

A. The reality was the same partners or the same members would have met in other guises at an earlier point. So I don't think that the timing of the meeting was of any undue concern.

Q. So if I understand your evidence correctly, the engagement was in fact far wider than those pre-existing formal structures; is that right?

A. Yes, so the finance sub-group is normally chaired by the minister with responsibility for local government, and from the local government side, at that point, there would have been -- nine of the 22 leaders would have been members of the finance sub-group. There would have been a few other members, as well. And they would have met in, as I say, in other guises prior to that and subsequently, as well.

Q. What other sort of forums or mechanisms of meetings would have existed?

A. We convened bilateral meetings between the 22 leaders or different configurations of the 22 leaders and service ministers. There are meetings with the local government minister on a regular basis and I think, in the various evidence submissions that we've made, we have set out the frequencies -- the frequency of meetings between the local government minister and the 22 leaders at various points during the pandemic. Those meetings took place on a daily basis and they were -- we could stand them up at very short notice, sometimes within a matter of hours.

As a consequence, there was, you know, there was considerable and regular dialogue with the Minister for Local Government.

Q. So was it the case, then, that the discussions from

those *ad hoc*, sometimes daily meetings, bilateral meetings, would then be formalised in the formal structure which --

A. Yes, that's --

Q. -- (overspeaking) --

A. That's right, yeah.

Q. Okay. Can I ask you now about the quality of engagement. We heard some evidence this morning from Ms Killian who said that some of the UK Government departments did not understand the complexity of local authority business, and as we heard this morning, that became a source of frustration?

Can I ask you about your experience in Wales? Was that the same or different?

A. I think it's fair to say that my impression is that it was different. You know, for obvious reasons, my experience and understanding of the Welsh context is different, and my understanding of the position in England at a UK level is more distant.

But as we've already touched on, we had pre-existing mechanisms and arrangements in Wales for -- which frames the relationship between local government and central government in the form of the Welsh Government. So we had a level of understanding in place prior to the pandemic.

It's also, I think, important to note that the local government minister at the time, Julie James, was a former senior officer within local government and had an extensive knowledge of the way that local government worked, and was exceptionally receptive to our approaches throughout her term in office. But there were other ministers, the First Minister himself, Mark Drakeford, was a former County Councillor. There were other ministers, as well, who were former councillors.

There were structural processes in place which facilitated the relationship, and then that was enhanced, I think, by the experience of senior ministers within the Welsh Government, as well.

Q. So, unlike the evidence we heard this morning about England, your experience in Wales was that there was a good understanding, not only in the department responsible for local government, but also across the Welsh Government; is that right?

A. That's right. More broadly as well.

If I can elaborate on that point, the -- as I say the local government minister of the day, Julie James, was very receptive to any approaches from local government, and she acted as an advocate for local government within the Welsh Government and within the

cabinet, but also acted as a conduit as well in facilitating discussion and relationship with other relevant service ministers as well.

But beyond that, historically as well, as an association, we've always had bilateral relations with other ministers as well, so with the Education Minister, with the Minister for Health and Social Care, and so on. So there was a substantial foundation in place before the start of the pandemic.

Q. Thank you.

Can I move on now to ask you about the design of the Local Government Hardship Fund, which, as I understand it, was one of the means by which the Welsh Government provided additional funding to local authorities in response to the pandemic.

As far as you're aware, was the Welsh Local Government Association involved in the initial design of that scheme prior to launch?

A. We'd -- yes -- I think it's important to say that the Hardship Fund worked well throughout the period and developed and grew during the course of the pandemic. And I think we'd had experience in the February of 2020 with Storm Dennis, which I think has cropped up in other modules, in other evidence sessions. And one of -- one of the things that happens during such crises is that

the -- a scheme -- an Emergency Financial Assistance Scheme, the EFAS scheme, is stood up as it were. It used to be referred to as the Bellwin scheme. And I think that provided, in a sense a precursor to the hardship scheme.

There was recent experience of a claims-based approach to supporting local governments, and that was very fresh in people's minds, and I think it provided the basis for the Hardship Fund going forward.

Q. Can we please bring up INQ000588134.

Dr Llewelyn, this is a very short extract from the report of David Phillips, who is the Inquiry's local government finance expert, and he provides a view there, comparing and contrasting the different approaches to funding, but at paragraph 164.1, he states:

"The Welsh approach was most responsive to asymmetric impacts, as the largest component of funding was based on individual local authorities' reported costs and income losses. However, funding on this basis comes with a trade-off as it reduces the incentive local authorities have to control additional expenditures and minimise income losses."

I just want to break that down and ask for your view on it. You've mentioned there that there was some experience baked into the Hardship Fund about the

claims-based process, but it's right, isn't it, that it was sensitive to local needs?

A. Yes. Yeah, that's right.

Q. What's mentioned there is the trade-off, and that there was a greater administrative trade-off required as a result of submitting claims rather than a formula-based approach. Do you think the right balance was struck?

A. Yes, I do. I think the claims-based approach is very effective. I think there's a sort of -- there's an implicit criticism in this comment which I think is harsh, and I'd say it's -- it's a very conservative, with a small C, approach to local government funding.

It has to be borne in mind as well that the authorities were funded through the Revenue Support Grant, which again, to the Welsh Government's credit, was paid in advance rather than in arrears, which again was beneficial to local authorities.

But we know, as I mentioned, through the EFAS scheme, that the claims-based approach worked effectively. It was tried and tested, and I think both the Welsh Government and local authorities thought that it worked effectively.

I noted that in her written evidence to this module, the then minister Julie James commented very positively

and favourably on this arrangement.
Q. The scheme grew, though, didn't it --
A. Yeah.
Q. -- quite considerably --
A. Yes.
Q. -- from, I think, a £30 million fund initially to over a £900 million fund in the end, including multiple different elements, I think 28 at one point. And it obviously increased in complexity, didn't it?
A. It does, and from a local government perspective, we always argue for funding to be as streamlined as possible to minimise, to minimise complexity and bureaucracy so that as much of the funding gets to the operational side and is spent on delivery. So we're always eager to minimise bureaucracy as much as possible.

And I think in this instance with the hardship fund, I think that was achieved, and what we saw as it developed was funding coming from various other service areas and being channelled through the hardship scheme.

It is worth mentioning, as well, that there was a sort of a Star Chamber approach, as well, to adjudicating and overseeing the claims, and there was a sense of trust and confidence built into that Star Chamber approach for a number of reasons, and I think

trust and confidence is a theme that runs throughout the hardship fund and the business grants that were distributed in Wales. But part of the reason was because there were two former local government finance directors as part of that Star Chamber.

So it gave confidence to government and it gave confidence to local authorities as well.

I think on occasions some claims were rejected, but very few, and I think from the local government perspective, it was seen as a fair and an effective mechanism.

Q. Thank you. You've mentioned there business grants delivered by local government, and I want to come on to ask you about those.

Can I have on screen, please, INQ000653255, paragraph 124.

This is your statement, Dr Llewelyn, and I want to ask you about this because we've received a range of evidence as to whether the delivery partners were consulted in the design of the schemes at the outset. And you say there that:

"There was a tendency, particularly in the early stages of the pandemic, for the [Welsh Government] to suggest economic interventions and then inform local government what support, and how much, was being made

available. However, as the joint working developed over time, there was then the opportunity to feed into ... thinking on subsequent rounds."

So just starting with why was it important for local governments in Wales, or the WLGA, to feed into the Welsh Government's thinking on the design of those schemes?
A. Because local authorities, local government, have a better understanding of the people, communities and businesses they represent, than central government. You know, we have used an expression which has cropped up, I think, in other evidence sessions, that the role of central government is to set the strategy nationally, but then the role of local government is to interpret that strategy based on local circumstances.

So we would say the same thing here, that elected members and officers are rooted in their communities. They have an understanding of their communities. It extends to knowledge about the local businesses, how they operate, you know, and so on.

So that's why we think they're better placed to inform the detail of policies while accepting that it's the role of government to set the national strategy.
Q. And just looking at what you said there in the first sentence, do you think the engagement, involvement, in

the initial design of the business schemes was sufficient, or would you have liked to have had more of a co-design role?
A. Inevitably, I think, with, you know, in any situation, things can be improved. I thought -- we heard Jo from the LGA several times this morning talking about the importance of early engagement. It's been a feature of discussions in other modules as well.

I think the Permanent Secretary in the Welsh Government in one of her evidence statements conceded the point that she, in hindsight, thought it would have been better to engage with the WLGA at an earlier point in the crisis, and then on a more regular basis going forward.

So I think that that's always the case, but I think that in this instance, lessons were learned very, very quickly, and the arrangements that were then put in place worked very effectively.
Q. And speaking of the arrangements that were put in place, that included an oversight group; is that correct?
A. That's right, yes. So we were -- you know, we were involved in setting up an oversight group which involved the key partners, so Welsh Government, Business Wales, local authorities and the WLGA, and I think that that oversight group worked very well.

And then every time there were changes in circumstances, depending on the nature of the different lockdowns and the fire breaks, they were able to respond very quickly, very sensitively.

I used the phrase earlier "trust and confidence". I think there was a trust and confidence among the partners within the oversight group so they were able to test ideas in an open and trusted way. And I think it worked very effectively.

Q. So was that the forum through which the business support schemes were adapted or new ones were designed and developed?

A. Yeah, it is, but it's worth mentioning, as well, that there was political oversight, as well. So there was a sort of -- there were parallel processes, because again, as I think I've emphasised, elected members, leaders, are so aware of the business needs within their communities and within their wards in particular, and very often, as well, businesses know who their elected members are, and I think that that helped, you know, the process in this instance.

And there are advantages -- I think Jo this morning mentioned, again, the scale, differences between England and Wales, because of the differences in scale.

Q. I just want to come on to ask you about that and it

might be useful if we look at the survey which your organisation kindly prepared for the Inquiry.

Can we bring up, please, INQ000596485.

This is from the key findings of the survey. And it highlights the evidence that we've heard this morning:

"Almost three-quarters of English authorities (71 per cent) thought that central government engaged not very well, or not at all well with local government ... By contrast, 86 per cent of Welsh authorities felt that [the] Welsh Government engaged very or fairly well with them."

Now, you've mentioned trust and confidence but I just want to gain the benefit of your experience and expertise. Why do you think this worked a lot -- the engagement was much more positive in Wales than in England?

A. I think it's a complicated question, and there are many aspects to it. We've already mentioned there's an issue of scale. You know, Wales is a small -- 22 unitary authorities, a population of 3 million. So inevitably, I think, the relationship between local government and the Welsh Government is closer, you know, than may be the case elsewhere.

There are also structural reasons. I think -- you know, I touched on earlier the Government of Wales Act,

the Statutory Partnership Scheme, the Partnership Council, the various structures that sit under the Partnership Council, and the way they've -- they'd operated since 1999, the way it formally recognises the role of the WLGA as the voice of local government.

There are cultural reasons, I think, as well. Within Wales there is an emphasis on partnership working. As an association we've always argued that we deliver the best outcomes for the people of Wales when all tiers of government work in partnership.

We also emphasise working in partnership with other sectors as well. We've always had a close relationship with the voluntary sector and with the business sector. We're big supporters of the principles of social partnership. And I think all of those proved to be beneficial during the pandemic.

There are also what I might refer to as, sort of, attributes of atmosphere. We were able to create an atmosphere of trust and confidence, both at a political level, but among officers as well.

In our evidence we've mentioned the role of the 151 officers, the Society of Welsh Treasurers. The Society of Welsh Treasurers, their executive, our officials within the WLGA, and Welsh Government officials were able to meet on a regular basis,

sometimes daily, with complete trust and confidence, knowing that they could test and discuss ideas with the confidence that they -- they wouldn't escape elsewhere.

And I think that the overall focus on outcomes throughout the -- improving outcomes for people in communities I think was never lost at any tier of government. So it worked particularly well in this instance.

MS WILSON: Thank you, Dr Llewelyn. Those are my questions.

My Lady, I understand there are some questions from the Core Participants.

LADY HALLETT: Yes, there is one from Ms Beattie.

Ms Beattie is just there, Dr Llewelyn.

Questions from MS BEATTIE

MS BEATTIE: Hi, Dr Llewelyn. I ask questions on behalf of National Disabled People's Organisations.

You emphasise throughout your statement the value of co-production between local authorities and central government in coordinating the pandemic response, given the particular expertise and local knowledge of councils.

And you also emphasise the importance of the Welsh Local Government Association's links to professional and political groups and to voluntary sector organisations to ensure a timely and effective pandemic response.

Do you agree that the involvement of frontline and representative organisations, such as DPO, in planning and delivery of emergency responses, is essential to ensure that the diverse needs of local communities are properly understood and met?

A. Yes, I do. We -- I mentioned that we're big advocates of social partnership, and in a lot of our, sort of, corporate documentation, but our policy approach, we always argue the case: we think that the people who use services and those people who are directly involved in the delivery of services are the people who understand services best, and should have as much a say as possible in the way that those services are delivered and organised.

Q. So, essentially, does it make them more effective as well as meeting local need?

A. Well, I -- we would argue we deliver better outcomes and more effective and efficient services if we engage service users and, as I say, those that directly provide services as well.

MS BEATTIE: Thank you, my Lady.

LADY HALLETT: Thank you, Ms Beattie.

Dr Llewelyn, that concludes the questions we have for you. I have a feeling, isn't your organisation still helping the Inquiry on Module 10?

THE WITNESS: I think we are, actually, yes. You may see me again.

LADY HALLETT: Well, I'm really grateful to you for the help you've given so far, and if you are going to come back I look forward to seeing you next time.

THE WITNESS: Thank you, my Lady.

LADY HALLETT: Thank you very much for your help.

Ms Wilson.

MS WILSON: My Lady, I understand the next witness is on the link.

LADY HALLETT: She is.

MS WILSON: So we will make the arrangements for those to be brought in.

LADY HALLETT: Ms Dickie, can you see and hear me?

THE WITNESS: Yes, I can, thank you. Good morning.

LADY HALLETT: We'll just wait for Mr Hudson to get in place to make sure you can see and hear him.

MR HUDSON: Ms Dickie, can you see me? Can you hear me?

THE WITNESS: I can, yes. Thank you.

MS NICOLA DICKIE (affirmed)

LADY HALLETT: Thank you for coming back to help us, Ms Dickie, and for moving your time, I think, thank you for your cooperation.

Mr Hudson.

Questions from COUNSEL TO THE INQUIRY

MR HUDSON: Thank you, my Lady.

You are Nicola Dickie, is that right?

A. Yes.

Q. You are the Director of People Policy at the Convention of Scottish Local Authorities, COSLA; is that right?

A. Yes.

Q. You have provided a statement to the Inquiry on behalf of COSLA. That's INQ000616704; is that right?

A. That's correct, yes.

Q. Ms Dickie, I'm going to launch straight into financial monitoring of local authorities by the Scottish Government. The Inquiry understands that during the pandemic COSLA organised a number of surveys of local authorities on their spending and income pressures; is that right?

A. That's correct, yes.

Q. Why did COSLA collect this information?

A. Well, I think it was important for our organisation to understand exactly where our 32 member councils were, given the significant economic shocks that were going on across not just our own sector, but others, that it was important for us to have that information so that we could lobby government, so that we could provide that information to government, and so we could ensure that other local authorities were aware of the position

across the board.

Q. Was the information collected on COSLA's own initiative or was it requested by the Scottish Government?

A. As far as I recall, it was a combination of COSLA recognising that we needed to do it for our own purposes, and it was also helping us to continue the discussions that we had ongoing with government. I don't recall a formal request coming from government, but certainly there were ongoing daily conversations at a senior level across the organisation, so it was a bit of both, probably.

Q. Is there a particular reason why COSLA would be engaged to collect that information, rather than Scottish Government doing it directly?

A. Well, one of the main purposes of our organisation is to be the collective voice for local government in Scotland, and like, similarly to colleagues in the LGA and the Welsh LGA, we are that voice, and it's better to come through COSLA as opposed to having 32 individual conversations, particularly when you're working at the pace that we all were during the pandemic.

Q. Would it be accurate to characterise the collection of information by COSLA as *ad hoc*, rather than systematic?

A. I think that would be fair, yes. It's not a primary aim of our organisation to gather data on our member

councils.
Q. How did local authorities react to the requirement to complete the surveys organised by COSLA?
A. So we are their membership organisation. So it was in conversation with their elected members and, indeed, their chief executives that we agreed collectively that we needed to have that information. So whilst they were busy, they recognised the value in us having that information. So I don't recall any adverse reaction, then or now, when we ask local authorities to send us information that helps us to form positions.
Q. Did you have concerns at any point about the risk of overburdening local authorities with reporting requirements at a stressful time?
A. Yes, I think that's always a concern, and we were really clear that, you know, if the surveys weren't completed every week or every month, we were fairly strategic when we went and asked for things, as much as you could be on the basis that the pandemic was continually changing. But as I say, it was done in collaboration with the 32 chief executives of the council, so they would have had ample opportunity to come back to us and say what we were requesting was onerous.
Q. To your knowledge, what benefit did the Scottish Government derive from the information collected by

COSLA?
A. Well, I suppose at least the first thing I would say is that they -- they had a single point of truth. So they could see all 32 returns, and -- and they could compare and contrast. And in Scottish local government we have, kind of, local government families, so local authorities where the demographics or the services that are provided are very similar, so it allowed them to compare and contrast and feed into some of the -- as much planning as -- as could be done.
Q. As useful as that may have been, would you accept the proposition that it would have been more useful had the data been systematically collected? So you'd have a complete dataset, whether that be weekly or monthly, but there is a full picture over a 12-month period?
A. I think I would need to understand what that systematic information was going to be used for. So, whilst the pandemic changed quickly, it did not change on a week-by-week basis. I suspect that had we been gathering it weekly, a lot of that information would have been gathered and probably not utilised to the extent to -- to warrant the time investment that had taken place at a local level.

So I'm not disagreeing, but I don't believe in collecting data for data's sake, least not because these

teams were working from dawn to dusk, delivering, you know, financial contributions to individuals, to employees, and indeed to -- to businesses.
Q. Well, Ms Dickie, that chimes with the point that was made to us yesterday by Kate Forbes, the current Deputy First Minister, and then the Cabinet Secretary for Finance and later the Economy too.

Please could we have her witness statement up, at pages 36 to 37, INQ000653414.

And I'm going to begin by quoting from "every one person":

"... every one person involved in reporting was one fewer person involved with distributing the funding at a time when businesses really needed the funding."

She states that she was:

"... reluctant to focus any efforts away from front line teams who were distributing funding by imposing onerous reporting requirements.

"...

"The volume of work was so overwhelming that it would have been foolhardy to impose ... [increased, I think she means] reporting requirements at the beginning."

Do you share that view?
A. Yes, I do. I suppose what it's important to remember is

that local government employees are public servants who -- who deal with public money all of the time. So there are checks and balances that are -- that are built in as -- as business as usual process. And I think the trust and the working relationships that are there -- do you know, our directors of finance are our section -- you know, finance section leads there. They are responsible for public money. So I think there's an element of we were really clear that there were -- and -- a degree of check and balance in the fact that they were councils that were used to dealing with public money.

I think it goes back to the point about collection of data. If you're collecting data to report and then start to publish some sort of league tables, I believe LGA commented on that this morning, that that was unhelpful. We were not in a situation where that happened in Scotland, so I do have -- I do agree with what the Deputy First Minister has said in her statement.
Q. I just want to make sure we're -- we're clear on our focus here. The league table issue that was raised this morning was in relation to the distribution of business grant schemes.
A. Yes.

Q. I'm asking about the monitoring of information by the Scottish Government of income pressures and funding requirements of local authorities.

Could I put to you a contrasting approach and ask for your view on that, and it's this: the UK Government, via the Ministry of Housing, Communities and Local Government, did collect systematic financial monitoring returns from local authorities in England. The evidence we have received from the UK Government seems to indicate that was an important part of central government developing its response as the pandemic went on, and we heard evidence this morning that you may well have heard as well, that in the view of the Local Government Association, representing English local authorities, the balance was well struck there. It wasn't overly burdensome and they could see the value in it both to central government and to local authorities.

In your view, is there any reason why such information wouldn't be equally helpful to the Scottish Government?

A. I think that information would be helpful to the Scottish Government, but I would say that that information has its limitations, and it needs to be contrasted with what is that data return actually telling you? So I would not -- I wouldn't swap one for

the other, if that makes sense. I think it is important to have that data available, but it's also important to make sure that the conversations are ongoing to make sure that everybody understands that data, which was a space that we were in from a Scotland-wide level. We were able to have conversations with the Deputy First Minister to explain why, you know, particular local authorities were particularly affected by a loss of income on, you know, a particular service or why another local authority was not impacted.

So I think it needs to be systematic data alongside conversation and narrative because I actually don't know that unless you understand 32 local authorities the way our council leaders and our chief execs do, the data would necessarily tell you the whole picture.

Q. What I'm most pointedly driving at is the Inquiry has received an expert report on local government finance from David Phillips. In it he recommends that the Inquiry recommends that the systematic collection of financial monitoring data is undertaken by Scotland in the same way that it was in England and Wales in the event of a future pandemic level emergency.

Do you wish to argue against that recommendation?

A. No.

Q. Can I move on then.

I'd like to put to you an issue with the economic response as framed by Jonathan Belford, who was the Chief Officer for Finance, the section 95 officer, for Aberdeen City Council.

His Inquiry witness statement is INQ000657855, and he says this:

"Throughout the pandemic quantum of funding was a common topic ..."

Moving on:

"I do accept that funding that the Scottish Government was distributing was based on what they were receiving, but it was frustrating at times when there were gaps between the value received and our understanding of how much had been committed to funding schemes by the Scottish Government. If I remember correctly, this lack of transparency made it difficult to interpret or understand what was still being considered for distribution. The frustration arose from the void of information and left local authorities questioning ... if they were going to be supported to the level that was necessary or not."

Firstly, do you recognise that as an issue that COSLA was aware of at the time?

A. Yes.

Q. Do you agree with the way that Mr Belford frames it?

A. I think I can remember the level of frustration from our section 95 officers. I don't think it's clear there whether we are talking about the funding that was going to local government for loss of income, and increased cost, or/and are we talking about the money that was going through local government for distribution out into the community, be that individuals or to businesses?

So I don't take any issue with anything that Jonathan has covered there, and things were moving particularly fast, but those were ongoing conversations that we were having at a senior level between COSLA and Scottish Government officials.

Q. And against the backdrop of a situation that was inherently uncertain, during the pandemic, what's your view on how well the Scottish Government managed that uncertainty insofar as it filtered through to local authorities and into businesses?

A. I think Scottish Government made a really good attempt to make sure that local government understood where they were most of the time. I think that the landscape was confusing. We were getting announcements made from the UK Government, that was then funnelling down into announcements made by the Scottish Government. That was then coming through and out into the 32 local authorities, so I think there's always room for

improvement in terms of communication but I feel the Scottish Government did their best to make sure that they were clear what was coming to local government.

Q. You said there's room for improvement. I don't necessarily wish to put you on the spot, but have you got any ideas about how that improvement could be achieved in the event of a future pandemic?

A. I think there's an element of, in particular when we're thinking about business grants, when announcements are being made, they should be made in a way that is a bit more general, so there's going to be a business grant scheme for X or Y, and it will be open in two weeks' time. So you could say to hospitality: there is something coming and we will provide the guidelines in two weeks. Because I get the political imperative and, indeed, the need for businesses to have surety that there is support coming, but very often, if I give the example of business grants for hospitality, that announcement would be made and almost immediately councils were then fielding phone calls from hospitality businesses in their local area asking for additional support.

So I think it's about providing certainty to sectors that there is funding coming, and then being clear that the window for application will open at a further stage

to allow us to get into the co-design and co-production in many cases that was done rapidly after announcements were made.

So that's the type of example I'm talking about, do you know, the communities and, indeed, the business communities were desperate for information. So ministers had to say what was coming, but a bit of a time lag in terms of when applications would be open, et cetera, would allow local government time to prepare and take a lot of frustration out from our business communities.

Q. So is it perhaps providing confidence to businesses' uncertainty whilst managing expectations?

A. Yes.

Q. On the issue of issues experienced in relation to announcements and then the later provision of funds, could I ask you to look at INQ000616704, your witness statement, and it's paragraph 3.10.

You say this:

"There were, however, times when the Scottish Government made announcements about financial support measures, such as the £500 'thank you' payment to health and social care workers without prior engagement and with little knowledge of the complexities involved in implementing the payment. The £500 payment was

announced by the First Minister on the 30th of November 2020 but was not paid until the end of the financial year due to the difficulties associated with implementing the payment and the burden this placed on local authorities (as the implementation agencies). COSLA Leaders considered this matter in December 2020, January and February 2021 ... before being in a position to 'clear' the payment to the workforce."

Firstly, what were the difficulties in implementing this payment?

A. The difficulties were, both -- both from a policy perspective -- who was included in the social care workforce? Did that include those who worked in children's social care? So there were, kind of, policy issues that had to be, kind of, ironed out. Did people have to have been working for a certain length of time? So there were some policy questions that needed to be asked and answered.

And then there were the practical difficulties in making a payment to a very diverse workforce. So we had local government social care staff, we had private social care staff, and indeed voluntary and charitable sector social care staff. So the actual practicalities of getting that £500 payment out through our suppliers into the pay packets of employees. So policy and

practical issues to be ironed out.

Q. Thinking back to this moment in time, 30 November 2020, can you think why, on this occasion, the First Minister of the Scottish Government didn't engage with local authorities before making the announcement?

A. So I think -- I don't know whether it's accurate to say that they didn't engage. I think there were conversations that took place at a senior level and at an official level, that this was something that was in the minds of ministers. But again, if I go back to the pace things were being -- being announced, I suspect that those conversations didn't then get into a level of detail that -- that would have been required, and hence why we had to have kind of three goes of going round the COSLA leaders to -- to iron out some of those issues. Yeah.

Q. What I'm driving at is that I think in your statement you highlight this as an exception to the rule. I think you state that there was generally good engagement, but on occasion it was less good. And I'm trying to ask for your view on why this was an exception to the rule. Is it to do with the people involved? The structures?

A. No, I genuinely don't think it -- I can't recall why this exception came up. I suppose elsewhere in the statement we're alluding to the actual number of

announcements about business grants that were going out. This one was slightly different in that it was for the individual as opposed to a grant for the business, but I genuinely don't -- don't recall that there was anything specific other than probably the speed that everybody was going at and announcements being made. I genuinely don't recall there being, you know, a specific issue that comes to mind.

Q. And does it follow from your answer earlier about the value that local authorities can bring, the advantage to businesses and people receiving the support in certainty, confidence, but also managed expectations, that you would like to see this example avoided in the future?

A. Yes, I think it would have been -- it was regrettable that people were promised £500, and we were in a position where we weren't able to deliver that until the end of the financial year. Given the pressure that social care as a workforce were under, I think it was unfortunate that we weren't in a case where we could get the money out the door much quicker.

Q. It seems that you were listening to the evidence earlier, and that you can see my Lady's interest in the "how". What mechanism could be in place to ensure that an example like this is avoided in the future?

A. So -- so, I think we already have that mechanism, post-pandemic, in Scotland. So our business as usual processes in Scotland are the cabinet secretaries and ministers regularly liaise with COSLA, and a few years back we signed something called the Verity House Agreement which is a public statement about the engagement that will happen between the Scottish Government and COSLA, so it might be worth the Inquiry having a look at that.

In practice, our business as usual processes -- and I think you can see it throughout my evidence statement, in terms of COSLA and local government representatives being on the project group, being on the steering group, the political relationships are strong in Scotland. Some of that's scale; there are only 32 local authorities and COSLA represents them all. The other thing that we have is regular liaison between the senior teams in Scottish Government and COSLA.

So, again, I'm not saying there are not times when there are disagreements between Scottish Government and COSLA, but the engagement that we enjoy from a COSLA perspective is good.

Q. Are there no improvements to be made, though? I appreciate the structure may be in place. How do you ensure that's used at a time where things might be

dynamic and fast moving?

A. I think I would probably have to go away and have a think about that, given the way that COSLA is constituted. I don't know that you could put it into statute. We are a voluntary membership organisation. So I think it would be useful to go away and have a think about that.

But the other thing it's worth mentioning, I think, is that, despite the fact that we're not a statutory organisation, COSLA was regularly invited in to the SGoR(O) and the SGoR(M) meetings, and, as the Inquiry has heard in other modules, the four harms approach was adopted in Scotland, and as -- as part of that, one of those harms was economic harm. So there was also another opportunity to feed in information and intelligence there.

Q. Thank you. Could I then finally ask you about the Newly Self-Employed Hardship Fund.

The Inquiry understands that the Scottish Government identified that the UK-wide Self-Employment Income Support Scheme did not cater to the newly self-employed. The Scottish Government, as we understand it, decided to provide a grant scheme that would cater to some people in this category, and the Scottish Government designed the scheme and the guidance for it, with input from

COSLA and local authorities.

Is that correct?

A. Yes.

Q. There was no such scheme developed or delivered by the United Kingdom Government, and the Inquiry is interested to explore your understanding of key elements of the Scottish scheme to aid a comparison of approaches, and see what the decision making ultimately came down to.

To that end, I'd like to, as speedily as possible, go through the application form and the guidance document for that fund in Scotland.

So if we begin with INQ000655674, I presume you recognise this document?

A. Yes, I do.

Q. Thank you.

This is the application form for the fund. You can see that the go-live date is 30 April 2020, at the top. And I'm just going to quote from the eligibility section here:

"The purpose of this fund is to provide hardship relief to newly self-employed individuals who have not been able to access support through other schemes or have exhausted all other avenues for business support."

If we can zoom out from that, then.

Is it correct that the series of boxes that we see

below are effectively a tick-box exercise? Somebody self-certifies that they meet each of those criteria?

A. So they answer "Yes" or "No".

Q. Yes. And then there is a declaration at the bottom, and then if we turn over the page, we can see the personal details that are required to be input, trading name, first and last name, address, phone number, email address, National Insurance number, and bank account. And then an applicant is required to provide four pieces of supporting documentation, or rather five: proof of identity, proof of address, evidence of active trading up to March 2020, comprised of three forms of evidence, being bank statements and two of the other documents listed there.

Is that right?

A. Yeah, yeah.

Q. And hopefully more interestingly, can we now turn to the guidance note, which is INQ000655673.

If we look at the fourth bullet point, we can see that it says, "Officers", so this is guidance issued to local authorities in how to deploy the scheme; is that right?

A. Yes.

Q. And it says:

"Officers should follow local guidance and best

practice for financial management and counter-fraud".

If we move on to the bold text a bit further down the page, we can see that it says:

"In exceptional cases, where applicants are unable to provide specific items of supporting evidence ... action officers may accept alternatives in line with the guidance, but in doing so must be satisfied with the integrity of the application as a whole. This means that the combination of other supporting evidence supplied must provide a convincing picture of an applicant with a legitimate claim. This is fundamental to reducing fraud risk."

There is clearly relies on the judgement of local authority officers. Do you regard that as a strength or a weakness?

A. I regard that as a strength. I should probably declare an interest that I used to work in Revenue and Benefits, so calculating and issuing grants was something that I did. So the staff that were involved in assessing and using discretion in exceptional cases are incredibly well trained and experienced in how you would go about assessing the validity of a claim for something. I don't think that colleagues in Scottish Government or, indeed, COSLA would have been in a situation to come up with a set of guidance that would have applied in every

scenario, but these teams that work in local authorities are used to assessing this type of claim in other times, using all of that.

The other thing that they would have access to would be all of the systems that are available. So, do you know, they would have the non-domestic rate systems, they would have the ability to check other systems as well. So I don't think that the level of risk that was introduced here was disproportionate in terms of what -- of the grant that was being issued.

Q. Thank you. And we can see further down the page:

"Officers are not expected to verify all of these statements ..."

This relates to the eligibility part.

A. Yes.

Q. The "yes", or "no":

"... or undertake an assessment of hardship, or independently check the applicant's status with regards to working age benefits."

A. Yes.

Q. "No supporting evidence is required specifically for this section of the form."

And the example I want to put to you is this: is it not possible that a genuine but mistaken applicant who is wrong about their trading profits would nonetheless

be paid out under this scheme? And the reason I'm asking the question is to understand the appetite for the risk of fraud and error in a scheme such as this.

A. I think that's a possibility. But I don't think that that was borne out by the work that was subsequently done by Audit Scotland. I think any time you're giving out public money there's always a risk of fraud, but I don't feel that this was a particularly risky area. I think if it had been done in a way that it wasn't local teams that were assessing these, then that might have introduced a bit more risk, but it certainly doesn't seem that the risk that was introduced here was disproportionate to me.

Q. Thank you.

Could we turn to page 3, please. This is the final question, Ms Dickie. It's the final bullet point under the "Mandatory: any of the 2 following", please.

This is further guidance on what other documentation could be. And it says this:

"Other evidence of business activity to support your claim. This could include correspondence with a supplier or customer, testimonials, a photo of a vehicle bearing the applicant's details (so long as these match the details on the form)."

That doesn't seem to be a particularly robust

counter-fraud mechanism, does it?
A. I think if you were basing your judgement on that bullet point alone, it wouldn't appear particularly robust, but I think you would be building a picture of the application as you were going. So I don't think you would provide a grant, if that was the only thing you were able to substantiate, but you would be going elsewhere and looking for additional evidence, recognising that -- the speed at which these grants were being asked to be delivered.
MR HUDSON: Ms Dickie, thank you very much.
LADY HALLETT: Thank you very much, Mr Hudson.
Thank you very much, Ms Dickie. I know you've already given a lot of help to the Inquiry, but I think you, like Dr Llewelyn, may be helping us one more time. But thank you for the help that you've given us to date.
THE WITNESS: Thank you.
LADY HALLETT: Thank you.
I think we need to take an early lunch today, Mr Hudson, so I shall return at 1.20.
(12.17 pm)
(The Short Adjournment)
(1.20 pm)
LADY HALLETT: Mr Hudson.
MR HUDSON: My Lady, the next witness is Alison Greenhill.

MS ALISON GREENHILL (sworn)
Questions from COUNSEL TO THE INQUIRY
LADY HALLETT: Thank you for coming to help, Ms Greenhill. I'm sorry about the unusual time. We don't -- normally this would be lunchtime, but anyway, thank you for coming.
MR HUDSON: Ms Greenhill, is it right that you have been Chief Operating Officer at Leicester City Council since March 2021?
A. That's correct.
Q. Before that you were Director of Finance and you've been at the council since 1986?
A. I have, yes.
Q. More broadly, is it right that you were a member of the Society of Municipal Treasurers?
A. Correct.
Q. And you are a core adviser to the Local Government Association on finance matters?
A. Yes, I still am, yes.
Q. You have provided to Module 9 of this Inquiry a witness statement with exhibit number INQ000588233.
The first topic I'd like to ask you questions about is local authority funding during the pandemic. Broadly, the evidence we have received is that the Ministry for Housing, Communities and Local Government

engaged well with local authorities during the pandemic on local government finance. Do you share that view, or not?
A. I do. I do share that view. The engagement with MHCLG colleagues at the time was proactive, and it was an emerging picture that nobody was prepared for.
Q. More narrowly, would your answer change if I were to ask you about ringfenced funding as opposed to un-ringfenced funding?
A. Yes, it would. I would like to say that my reflection is that government support was considered and very helpful to the sector. However, it isn't joined up. So un-ringfenced -- sorry, ringfenced funding, as you pointed out, from 11 different government departments, with multiple different reporting mechanisms, requirements, and restrictions, made the whole schemes very complex to manage.
Q. On the topic of whether or not it was joined up, by "joined up" do you mean joined up within the UK Government?
A. Yes. My view is the government is dealing with one local authority at a time -- granted there are 300 of us, but they're dealing with us as an individual local authority -- but then that's split further by 11 different government departments dealing with us as

one local authority. So having multiple grant schemes, covering different periods of time, with different requirements from the Department for Education, Department for Transport, and onerous reporting requirements, is not very joined up from the body issuing the grant, ie the government.
Q. And we don't need it on screen but I think a reflection of yours in your witness statement is that, and I quote:
"Going forward, it is imperative that MHCLG ... or the Treasury ensure that they maintain an overview, almost mirroring that of a unitary council (as a provider of all services) to understand the complexities and interaction and interrelation of funding streams."
A. Yes, that's correct.
Q. Can you explain the model of a unitary council further, and how you think it maps on to the work of the UK Government, or it could map on?
A. Yes. So a unitary council is the local authority in a geographical area that is responsible for all services provided by local authorities. In some areas, we still have two tiers, district councils and county councils, but in a unitary, all services, like in Leicester, are provided by Leicester. So residents and businesses see that there is one local authority they come to.

My reflection on how we deal with government is we deal with government by department, and there isn't that single point of contact, that single overview. I view MHCLG as our parent government department. In theory, all government departments are our parent, but our funding is through that ministry. That is predominantly our responsible Secretary of State. And I think the gap there is that single point of overview.

So I can look up and say, "Here is the overview in my witness statement", one of the annexes, I give you a list of all the grants at a point in time and where they came from. I think if you were to flip that and ask government to give a list of grants from one source to me, they wouldn't be able to answer that without doing that -- asking each department to fill in a form.

So I think the road -- the road isn't the same at either end.

And how can we have joined-up conversations about what works, what doesn't work, simplifying the way we do things, so that, for example, if a grant is given in any particular situation, whether it's flooding or whether it's a pandemic, the timelines, the reporting requirements are all the same?

It's overly-complicated.

So my analogy is the unitary council residents know

if they've got an issue with the council service or need a council service, they know where to go.

For us dealing with government it's a case of trying to work out where the grant came from, which part of that department you need to speak to.

LADY HALLETT: I am just wondering how that would work. I understand the benefits as you would see them, what I'm just not following is, you can't really compare it to a unitary council because that's a whole different structure where you've combined district and local councils. But how would the kind of thing you're suggesting work? I can't quite follow at the moment.

A. So in the last two years, two years, three years, MHCLG have introduced a range of staff that are our sort of contacts. They keep in touch, how are things -- how are things with you? Particular issues. Issues of the day.

I do feel there is capacity there for that oversight -- and to be honest, we fill in endless grant return forms. MHCLG require budget monitoring returns. When we set our annual budget, I have to fill in lots of forms.

I think we could easily, between the two parties, devise something that says: I know what I'm getting from you; you know what you're giving me as a government, and actually, we've got that open data that we can share.

LADY HALLETT: I follow the aim. What I'm trying to think is, would this be a body that sat in housing and local government ministry, is that what you're suggesting? And they would know what the Department for Education, or what the different departments had given you?

A. Yes, they have a team which is our main contact which is called the Local Finance Team. So to me, that title, where the funding's coming from, whether it's Department for Transport, Department for Education, it is money coming to local government, so I actually think it's a role for the Local Government Finance Team. And I don't think it would be onerous. I think we could easily devise something where we've got that picture, that local authorities, looking down and looking up, we can see what's coming and where it's coming from.

LADY HALLETT: And it avoids reinventing the wheel because one department may not know much about the risk of fraud and error in local authority funding, for example.

A. And in this example, there are lots of services that needed support and we needed to think about and we weren't doing it, or certainly government wasn't doing it in a joined-up way. So for examples, bus subsidies. Buses weren't running. Buses weren't carrying passengers. Someone in the Department for Transport would have been thinking about that but, actually, we

ought to have been thinking about other aspects of: okay, it's not just buses not running, they're also not doing the private services that councils pay for to take special educational needs children to school, then we could have thought about the taxi implications of taking vulnerable children. That joined-up thinking, because they're only thinking about that particular service area.

MR HUDSON: Can I try to understand that in a bit more granular detail. Firstly, is this confined to funding provided by central government to local government? Or does it go wider than that, the model you're advocating?

A. In this context, but actually going forward, I think the central government to local government funding model, and actually being able to easily look at what the issues we need to deal with. So should we be in a position, going forward, where might the problems be? Which government departments can help? And most importantly from a finance point of view, Treasury having that oversight would be very straightforward. And it's government contained.

Q. The second question is this: is it something along the lines of having a single point of contact within the UK Government for any and all funding issues?

A. I think we're in an ideal world if that was for the

normal everyday. I do think that we work on an annual budget basis, so once a year we should be able to see what's coming to us from where, and vice versa. And I think that would be a good model going forward so that should we be in a position of having to, on a regional or national basis, look at what issues we need to address, particularly in funding, that are impacting the economy and communities, there we have it, there we have that data.

Q. I see that, but is the issue you're looking to solve that in understanding the funding position at a local authority, one has to have conversations with officials from various different departments in the UK Government?

A. I think that and ministerial decisions, because ministers had to understand what was the art of the possible.

Q. And so, on that basis, are we looking at something of a filter where, accepting different departments of the UK Government have different responsibilities, it ultimately filters through to a single point of contact, perhaps based in MHCLG --

A. MHCLG, yeah.

Q. -- who is the contact for local authorities?

A. That seems sensible. Obviously we'd have to work through how it works but that would seem sensible as the

parent department for local government.

Q. How does that sensible ideal scenario from your perspective compare with what actually happened during the pandemic on local government funding?

A. You'll see in the pack I gave an example of some returns that we had to do, which were very long and also, strangely, asking us to forecast what we might be spending money on, and if I could have forecasted the trajectory of the pandemic, then we'd be in a better place. But ... sorry, remind me again, sorry.

Q. During the pandemic, it might be said that your main point of contact was in fact the Ministry of Housing, Communities and Local Government, and that the model you're proposing isn't that dissimilar to what actually happened in the pandemic?

A. Oh, okay. So our main point of contact was with that particular ministry, but in terms of what I would call proper contact, we didn't have any. So apart from a plethora of forms, there were no discussion forums. So actually, I think understanding the funding streams is the data, but actually, the other thing that should have happened was proper, meaningful conversations.

So we had keeping-in-touch conversations but I didn't have any meaningful conversations around what I saw the financial position or the challenges to be.

Q. I think we had that described to us this morning by Ms Dickie for the Convention of Scottish Local Authorities, as the qualitative engagement sitting alongside quantitative.

A. Mm.

Q. Is that the way you see it?

A. Yes, the quantitative was definitely form filling. The qualitative should have been structured meetings and feedback. And I do appreciate, again, that we were fairly much on the hoof, but two or three months in I think we could have settled into meaningful, particularly society conversations.

Q. I don't want to labour the point but I am interested in how that answer sits alongside your first answer that you support the view that the ministry engaged well on funding?

A. Because I also can put myself in the shoes of my colleagues in the -- in the ministry of how on earth do we do this and how on earth do we deal with this is?

So hindsight is a wonderful thing, and had we known this was coming and how long it would go on for -- and in Leicester's case the local lockdown in particular -- then perhaps we would have planned differently.

So I do think, without having thought about how we might deal with a national pandemic, they did well. Can

we learn from this and do it much better? Is absolutely yes, is the answer. My disappointment will be, it is five years since the pandemic, and have we had any conversations about what worked well, what didn't work well, and what should we plan for? The answer is no.

Q. The natural next question is: that's the aim, better engagement, and we're talking about qualitative engagement here --

A. Mm-hm.

Q. -- how is it achieved? Would you like to see a formal commitment to conversations on a periodic basis during an emergency? Are you in favour of something more *ad hoc* but that relies on any changes in attitude or approach? How do we as an Inquiry make recommendations for meaningful and pragmatic change?

A. I think there should be a formal review of what -- what happened, what worked well, what didn't work well, and certainly what could be better and should be in place for an event that we don't know quite what it's going to be or what it might look like. I think you start from a national pandemic being a worst-case scenario, into localised serious events, such as flooding. There should be a period of formal engagement, whether it be through the treasurer societies, as a starting point, all of the district county, London boroughs.

Q. A period of formal engagement in advance of the next pandemic or as part of the emergency response?
A. As part of -- well, from now -- between now and hopefully an event that doesn't happen -- I would say it should have been done by now. Because -- while it's fresh in people's minds, and five years down the line is remembering what worked well and what didn't work well.
Q. Well, on that point, and in advance of coming to give evidence today, the Inquiry has drawn your attention to two playbooks that have been developed by the Ministry of Housing, Communities and Local Government. Are you familiar with those documents now the Inquiry has drawn them to your attention?
A. No, Chair.
Q. Well, the first one is a pandemic response playbook, which amounts to a lessons learned exercise undertaken by the ministry in respect of how it responded to this pandemic and how it might respond to a future pandemic. It was published in February of 2025. Can I take it from your look of puzzlement that you've not been involved in that process?
A. No, I haven't.
Q. We heard evidence this morning from Ms Killian from the Local Government Association, who told us that the LGA have not been involved in that process either. What do

you make of that, the lack of involvement of local authorities in those playbooks?
A. I think it's really disappointing. I think we've got an important role to play, and arguably we are close to our communities, our businesses, our economy, and -- and the simple answer of we know what worked well and what worked less well, and some really good ideas. Not being critical, but some really good ideas of what could be better for the future that, if they go unsaid, would be a real shame.
Q. Can I now move on to the second topic that I'd like to ask you questions about, and that's business grant schemes. So we're now focusing away from the Ministry of Housing, Communities and Local Government and towards the former Department for Business, Energy and Industrial Strategy and His Majesty's Treasury.

The Inquiry's understanding is that there were three cohorts of business grant schemes: spring 2020, autumn 2020, December 2021. We understand that those schemes were designed by the Treasury, before being handed to BEIS to manage, with local authorities responsible for delivering the grants.

Is that your understanding as well?
A. Yes.
Q. Cohort 1 comprised the Small Business Grant Fund,

announced as part of the budget on 11 March 2020. The Retail, Hospitality and Leisure Grant Fund announced on 17 March, and the Local Authority Discretionary Grant Fund on 1 May. We understand that local authorities were not consulted in the design of any of those schemes.

We understand from your statement that Leicester City Council serves a community which is rich in its diversity. Before I ask about engagement on design of business grant schemes, can you tell us how that rich diversity filters through to the way that businesses are owned, managed and run in Leicester?
A. Yes. So businesses in Leicester are a combination of businesses occupying property but also businesses run from home, sole traders -- we have a number of markets. So, you know, you haven't got a predominantly accommodation base business base, and that's important and I'll come on to why that is.

We have arguably the most diverse communities and city in the country, not necessarily with English as a first language, in many communities multi-generational households, and many of the issues that you'll have heard during previous modules of the Inquiry around some of the problems we had that resulted in a local lockdown in Leicester.

So it's really important, when you're thinking about how to support businesses, that you can understand the diverse nature of businesses. And in a city like Leicester as well, where we have predominantly small businesses. So it's not big shops, big high streets, big factories. They're not the dominant force in a city like Leicester. So, understanding the different types of business and the different operations of business.

Different types of engagement for business. We live in a world where we assume that everyone communicates by email, electronically. Not necessarily the case. And so you've got to think about how you communicate with business, and how businesses, particularly businesses run by lots of different nationalities, view local government. Some view local government as an amazing thing, and some view local government slightly with fear. So, I mean, we can be many things to many people.

So, understanding that business is not just lots of organisations out there that occupy a factory, a shop or an office, it would be straightforward. That was really important to understand in a design of a scheme which ... yeah, wasn't.
Q. So the follow-up question is, had you or somebody who was involved with a council with a similarly diverse business portfolio, been engaged in the design of these

schemes, could you have brought additional value to that process?

A. I think if we look at cohort 1, the very first iteration of grant schemes, using a number of councils, probably a cross-section of councils as a sounding board on scheme design would have prevented some of the errors in the first scheme being based on rateable value. The first scheme was based on occupying a premise.

Now, it's easy to understand, if you're not in that sector -- of course restaurants shut, beauty salons, hairdressers all shut -- it's easy to see the physical premises. But basing it on rateable value, ie, you must occupy a property, just excluded so many businesses from the first iterations, which is when the discretionary funding came through.

So I think a massive opportunity was missed just by, again, a sample, rural city, county, you know, heavily urban, less urban, just saying "You know your businesses."

And the second problem with the design and not talking to local authorities on the design of the very first scheme, was assuming that a business rates team, because it's got "business" in the title, knows about business in the city. The business rates team, based on rateable values, invoice for business rates. It doesn't

mean to say it knows what's being traded from a business unit, what is being sold in a shop.

So there's a difference between knowing the number of properties and understanding business.

Q. We understand that these early schemes were deliberately sought to be kept simple, and blunt. And therefore, to an extent, they weren't intended to cater for all different businesses.

We have also heard evidence and -- from Treasury witnesses to the effect that consultation of local authorities, or consultation generally, comes with a cost. And that cost is delay.

Do you accept the trade-off between consultation and delay?

A. I don't. And the reason I don't is throughout the business grant schemes, grants were announced publicly before local authorities knew, or BEIS had even written guidance. So they talk about cost and delay. I think cost to the economy and cost to local authorities in terms of reputation, when you can watch the evening news on the BBC and see there's a new grant scheme, and no guidance for ten days, businesses crying out for support. All of that came at a cost.

We were focused solely on responding to the pandemic. I would argue that in a matter of days, the

contacts with local authorities exist, the conversation could have been simple and quick. Ask me some key questions. Ask for my opinion about how can we deliver the first version of a robust scheme to support the economy, possibly the visible ones that have had to shut, the ones that we can see. How can we do that? I don't see how two or three days to talk to us about scheme design could cost money, compared to the delays that it then led to, in a poor scheme design.

Q. The decision not to consult local authorities in the design of business grant schemes, did that impact the trust in the relationship between central and local government?

A. I found that our -- my local authority contacts with our regional contact at BEIS were really strong, and endeavoured to listen. And I do genuinely believe that some of the feedback that we gave of the issues and the negative issues with grant schemes were fed back and played out in future designs, particularly allowing local authorities more flexibility in the future grant schemes.

The first scheme, there was no flexibility. Future schemes allowed us to recognise nuances around businesses in regional areas. So I would argue that the communication between us and BEIS was very good; between

us and Treasury, it was non-existent.

Q. I'd like to now ask you about the publication of data, known to some as the league table. We understand that on 20 April 2020, data was published by the UK Government regarding the proportion of allocated funds that had been paid out to businesses by local authorities.

I'd like to bring up the witness statement of Robert Jenrick who was the Secretary of State for the Ministry of Housing, Communities and Local Government at the time. It's INQ000661484. I'd like paragraphs 80 to 82.

He sets out his view that "a league table was both appropriate and helpful."

Moving on, he said:

"One of the benefits of a league table in this respect is that it identified those [local authorities] who were deserving of recognition and praise for the speed of their delivery to their local communities. But equally important was that it provided transparency in relation to a small number that were slower to do so, and so was intended to operate as an incentive to speed up delivery where possible and to demonstrate (by reference to other [local authority] performance) that this was feasible to achieve."

What do you make of his view?
A. I don't agree with his view and, in fact, his view makes me quite cross, to be honest.
Q. Why do you say that?
A. So in my witness statement it's actually in paragraph 64 and 65 where I talk about the business grants and the league tables and my note next to it is:
"I see absolutely no benefit in publishing these tables."
And I struggle now, still, to see the benefit in publishing a league table. For whose benefit?
So my example I will give you is, in the first cohort of grants, so bearing in mind at this stage we're looking at who is eligible and who isn't eligible, but if I'd look at the total rating list for Leicester City it's 12,600 properties. My nextdoor neighbour council, a district council, housed 1,446 properties. It is perfectly feasible that around just under -- about 45% of my properties were eligible for a grant. So applying that to my neighbouring council, they could use a spreadsheet, and I can't, for paying 5,400 business grants, use a spreadsheet.
We also had to consider fraud and error. At this stage on cohort 1, there was no reassurance from government that we would not, be as a local authority,

responsible for fraud and error.
As a section 151 officer at the time, it's my responsibility for the proper use of public funds. So we had to consider how we made sure the grants we were paying were to the business, not somebody pretending to be the business, and they were eligible for that grant.
So we had to do some checks and balances on what turned out to be 5,400 businesses.
So the neighbouring council who paid out something like 400, could probably do it on a spreadsheet. We had to use our system provider. And also, what that did, that future-proofed us.
That took us longer than our neighbouring council, and in my statement I do refer to two ministerial calls I had that were relatively pleasant calls, but I was being called to be told off and to get businesses paid more quickly.
Now, I do completely understand that businesses wanted to receive their grant, and they were looking over the boundary, saying: how come the business in the council next door have had theirs? Publishing the table I actually think made the situation worse.
Q. In your statement I think you suggest that it would have been a possibility to collect that information, to monitor it in private, and to follow up with local

authorities directly if there were thought to be concerns. Is that something you'd advocate in the future?
A. Absolutely. If a minister or a civil servant was concerned about our performance, I expect a conversation, formal or informal. I expect that in the course of my day job. To publish a table that almost suggested we didn't care or we were being sloppy about paying business grants was wholly unfair, created some quite difficult tensions with the business community, and didn't serve a purpose.
Q. Could I pick up on the fraud and error point in a bit more detail now, please. Would you accept the general proposition that if the United Kingdom government decides it wants to get funds out the door to businesses and quickly, it is entitled to make its own decision as to the appropriate level of fraud and error risk it's willing to tolerate?
A. Yes, yes, I'd agree.
Q. Unless and until the United Kingdom Government tells local authorities that it is willing to bear responsibility for that decision, local authorities presumably need to continue to undertake their own assessment, because local authorities would remain accountable?

A. Yes, absolutely.
Q. We know that the Small Business Grant Fund was announced on 11 March, the Retail, Hospitality and Leisure Grant Fund, 17 March. And on 15 April, the Inquiry understands that Lord Sharma, who was the Secretary of State for the Department of Business, Energy and Industrial Strategy informed local authorities of an expectation that 90% of eligible businesses would be paid out by the end of the month. Does that sound right to you?
A. It does.
Q. So that's 15 April. 90% needs to be paid out by the end of the month.
Four days later, the evidence we have received from Lord Sharma is that he was informed of local authority concern with the risk of fraud and error.
On 30 April, Lord Sharma sent a letter to local authority leaders, and I'd like to display that on the screen now, please.
It's INQ000543189.
It's addressed to "Leaders and Chief Executives", and if we can go to the final substantive paragraph, please.
"We also know that you are concerned about who is accountable -- central or local government -- for money

paid out in error or due to fraud. We can confirm that the Department for Business, Energy and Industrial Strategy will stand behind any erroneous payments, subject to local authorities having done what is reasonable and practicable to have avoided this in the first place, and then having exhausted all reasonable and practical steps to recover any over-payments. The Department ... will be accountable for what is left over. We hope that clarifying the overall position on financial accountability is helpful in releasing further grant payments. My officials will be working with you on further guidance."

15 April, local authorities are directed, effectively, to get 90% of the funds out of the door by 30 April.

On 30 April, this letter comes through to say: we will stand behind grants, subject to reasonable and practicable checks.

Did this letter come soon enough?

A. I think the timeframe for the letter is -- going back to how quickly everything was evolving, the timing of the letter is probably about right. I think the words that you highlighted are really important, though. That is "local authorities having done what is reasonable and practicable to have avoided this in the first place",

which doesn't say, "Don't do anything, just pay the grant", and also then talks about: we will basically support any losses, subject to you have exhausted trying to recover them.

So, it doesn't say, "Just pay the grant, don't question the applicant", and I have to say that I don't think, in my professional role, then as section 151, I could agree to just paying a grant to anybody who applies, who possibly has put the right address or the right business name. There has to be checks and balances. We do it on everything we do in local government.

So the timing of the letter it should have been at the same time as the local grant scheme. I can forgive them for it not being at the time of the local grant scheme. But I think the last couple of sentences doesn't get them out -- get anyone out of the league table was not helpful, because we still had to do checks and balances before we paid grants.

Q. Thank you.

I'd like to ask you about the programme board now. In March 2021, a programme board was established by the Department for Business to provide oversight of grants to be distributed by local authorities. It comprised officials from the Department for Business, the

Treasury, and local authority representatives.

Stepping back and considering that structure, in principle, do you think it was a positive development?

A. So this is the first I've heard of this board, but it sounds positive.

Q. I'll move on.

I'd like to ask you now about two playbooks that the Department for Business and Trade, as it now is, has developed in the wake of the pandemic. I must stress that they're in draft form at the moment, they're not said to be complete, but I'd like to refer to them and ask you your view on them.

The first is the draft pandemic playbook, which is INQ000661558, and paragraph 96, please.

It states this:

"Local authorities have the local knowledge on businesses in their area and are therefore likely to remain a critical delivery partner in the business support element of any future pandemic response."

However, as far as the Inquiry can see, the playbook does not make reference to how local authorities will be engaged and utilised in any future pandemic. What do you make of that?

A. Personally, the paragraph is quite disappointing. I haven't seen this before, and I fear that we -- should

we be in the same position, we would do exactly what we did -- what was done last time. This doesn't reflect any learning. I'm not aware of "Project Birch toolkit analysis", and it seems to focus, again, on one of my very first points, on business rates and rateable values, rather than businesses, which are two very different things.

Q. There's a second playbook that's in draft that I'd like to draw to your attention, INQ000661559 at paragraph 2.1.4. It says:

"Where schemes are to be administered by [local authorities], regular engagement will be via established MHCLG network routes, LGA, and directly through dedicated forums and webinar delivery sessions."

Could we then go on to paragraph 2.2.2, please. It states this:

"The Grant Delivery Directorate ... owns capabilities which have been used for responses to individual company economic shocks [and others] ... such as COVID-19 and has strong connection with MHCLG and Local Authorities."

I think we gleaned from your answers that you've had no involvement in the development of these playbooks?

A. No, I've had no development, and I've never heard of the Grant Delivery Directorate.

Q. Whether it's you as part of Leicester City Council or other local authority leaders or executives, do you think they should be involved in the process of developing playbooks like this?

A. Absolutely, and we've got a story to tell, we've got experience to share, I think we wouldn't be arguing with anybody. As I said earlier, our local contacts at BEIS at the time were very appreciative of some of the examples of businesses that were falling through the cracks, some of the issues we were facing, and focusing on business rates to support business when most local authorities have economic regeneration teams that understand the businesses and business community in their areas. We are just missing such an opportunity to work together to (a) have the skeleton of a plan to be able to be easily adapted to a type of emergency.

But this suggests that something is being written or has been written, ready for next time, without using that learning experience.

MR HUDSON: Ms Greenhill, thank you very much, those are my questions.

LADY HALLETT: Thank you very much indeed, Ms Greenhill. I don't think there are any other questions for you. I'm really grateful to you for your insight and for your helpfulness, and you've given me some food for thought.

Thank you very much for your help. And if there's anything that you come up with, remember I asked for practical suggestions -- I don't know if you heard the evidence earlier, but if there's anything more, when you -- when I make a recommendation, I want to make sure that it's something that I can see who's responsible for implementing it and whether it's implemented. So anything you can come up with, feed into Ms Stober who I know will make sure it gets to me.

THE WITNESS: I will. Thank you.

LADY HALLETT: Thank you very much for your help.

Very well, I think we've run out of witnesses today, Mr Wright.

MR WRIGHT: Yes, we have, my Lady.

LADY HALLETT: It's efficiency, not --

MR WRIGHT: We'll take it as the compliment it was intended to be.

Can I, though, before you rise for the day seek your permission, please, to publish the supplementary statement we've received from Baroness Coffey.

LADY HALLETT: Certainly you may.

MR WRIGHT: Thank you very much, my Lady.

LADY HALLETT: Very well. I shall resume hearings on Monday at 10.30 and next week I shall be chairing the hearings remotely. Thank you very much indeed.

(2.03 pm)

(The hearing adjourned until 10.30 am on Monday, 8 December)

I N D E X