

Witness Name: Jonathan Belford

Statement No.: 1

Exhibits: 15

Dated: 17 October 2025

UK COVID-19 INQUIRY

WITNESS STATEMENT OF JONATHAN BELFORD - M9/R9R/JB

I, Jonathan Belford, will say as follows: -

1. Roles & Relationships

- 1.1. I started work in local government in July 1991 as a trainee accountant with Grampian Regional Council. I qualified and became a qualified member of the Chartered Institute of Public Finance and Accountancy (CIPFA) in March 1996, just before Local Government reorganisation. I worked in various roles with a number of Local Authorities, predominantly Aberdeen City Council
- 1.2. In March 2016 I was appointed to the role of Executive Manager – Finance for Shetland Islands Council, holding the role of ‘s.95 officer’ (s.95 of the Local Government (Scotland) Act 1973 requires the appointment of proper officer, “...every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs.”). With that role I was responsible for the financial affairs of the Council, the Shetland Islands Council Pension Fund and I was also the treasurer of the Orkney and Shetland Valuation Joint Board.
- 1.3. In September 2018 I left Shetland and took up the position of Chief Officer – Finance (s.95 Officer) for Aberdeen City Council, and I am in that role today. Therefore it is this role that I held during the period of 1 January 2020 to 28 June 2022.

- 1.4. My role means that I am a member of the Corporate Management Team, which includes the Chief Executive, Executive Directors and the Chief Officer – Governance (the statutory monitoring officer).
- 1.5. When I was appointed as a s.95 officer I became one of thirty two individuals who are members of the CIPFA Directors of Finance Section, a professional group formed decades ago to provide a focal point for working together across the Local Government sector to support each other and to support COSLA (Convention of Scottish Local Authorities), the umbrella body for local authorities. The Section provides professional financial advice, technical input and a point of contact for working collaboratively across the sector and with partners, such as the Accounts Commission, Audit Scotland, other Public Bodies and Scottish Government, sharing good practice, knowledge and ideas.
- 1.6. The Directors of Finance Section has governance in place where a smaller group (the Executive) co-ordinate activities. There is a Chair and Vice-Chair and up to eight other members. I became a member of the Executive in November 2022, Vice-Chair in May 2024 and since May 2025, Chair of the Section.
- 1.7. Therefore during the relevant period I was part of the wider Directors of Finance Section. I have therefore asked for thoughts and views from those on the Executive at the time to support this statement in order that I can provide as comprehensive a response as possible.
- 1.8. The structures in place for engagement with Scottish Government before, during and since the Pandemic have worked hand in hand with COSLA, with the Settlement and Distribution Group (SDG) being a cornerstone of how financial discussions are undertaken and decisions are taken. The SDG has representatives from Scottish Government, COSLA and Directors of Finance Section. With Local Authorities being very different in composition, representatives are included from four different groupings, Urban, Semi-Urban, Semi-Rural and Rural Local Authorities. At the heart of the SDG is the principle that distribution should be based on need.
- 1.9. While SDG has been in place for years the difference during the relevant period was the volume of work that was required, as each and every funding stream and grant scheme was considered by the group.

- 1.10. I feel that Aberdeen City Council and the Local Government sector itself responded positively and successfully to ensure the various schemes were put in place for those that met the eligibility criteria.
- 1.11. My experience was that while the structures were effective, challenges arose from the uncertainty of timing, with often very limited or even no pre-announcement engagement that made managing the response often very difficult, with the cumulative effect on the team being significant as there was always a limit on how many people could be engaged to carry out the work.
- 1.12. Timing was one of the difficult aspects, and gaps between announcements, policy development and implementation made it difficult to have the information to keep businesses, staff, citizens and Elected Members informed.
- 1.13. Ineffectiveness was probably most obvious where there was a need to make changes to grant scheme criteria between the announcement of a scheme and the development of the scheme details and eligibility criteria. This led to delays in application processes going live and to many frustrated businesses.
- 1.14. Also I am not clear that the schemes developed were designed to target those in greatest need, what I mean is those that were eligible for funding through the various schemes may not have had the same need as other businesses depending on their own circumstances and full range of factors that affected their business. It was clear that there were businesses on the wrong side of the eligibility measure that meant they received nothing or had to wait for another scheme to be set up.
- 1.15. Relationships with SG were facilitated by COSLA, from my experience there was little or no direct contact on an individual Local Authority level. Through the SDG, where SG, COSLA and Directors of Finance met, there was increased contact because of the volume of schemes, and funding sources that were announced. I wasn't involved in those discussions at that time, but since joining SDG it is clear that the professional respect for views, honest exchange of opinions and working together to find solutions is a core part of the Group.
- 1.16. Local Authorities valued the fact that national networks and forums like Scottish Local Authority Economic Development (SLAED) group, Institute for Revenues, Rating and Valuations (IRRV) and Business Gateway for feedback and operational updates, supplementing formal structures. The effective,

operational roles they took on made a difference and communication was improved, vital for adapting to changing circumstances.

- 1.17. I don't think there were any specific changes to relationships during the Pandemic, meeting frequency and intensity increased, improving collaboration but straining resources. Councils relied on moving staff between roles temporarily and on agency staff and overtime, but most importantly goodwill of the existing workforce to manage the workload and on their skill and experience to deliver to tight timescales.
- 1.18. I'm not sure that I know from the experience of Directors of Finance, that I can comment on different Ministers and Directorates, however in respect of the responsibilities between SG and Local Government my experience was that there was clear reliance on the relationships that existed before the pandemic, that COSLA was a focal point and different members of Local Government supported different strands, for example the SLAED and IRRV groups were engaged and participating but this did not mean that everything joined up perfectly. The pace of developing schemes resulted in schemes being announced by SG without guidance on how or what the scheme was targeted to do, without an understanding of how it might be implemented, or what the implications were for those that didn't qualify.
- 1.19. Unclear guidance and unrealistic delivery timescales were a reality, which with time were worked through but with a higher volume of contact, queries, appeals than could have been achieved.
- 1.20. There were difficulties for Local Authorities trying to implement schemes, for example, delaying decision making or having to make a local decision, that could challenge the successful delivery of the policy objective. It was clear that national decision making was required to ensure consistency and continuity. As an example, this was particularly important where the businesses had claims or applications being submitted to multiple local authorities, avoiding geographical differences that created demand for appeals or challenges from business owners.
- 1.21. I think that the lines were clear from a Local Authority perspective, that we were acting as agents for the Scottish Government and implementing their decisions. Improvement would come with working on developing the policy ahead of it being announced, that there was an understanding of how it would be deployed, improved communications planning and that the timing was, ideally

agreed, but at least known in advance to make preparations for contact from those seeking assistance.

1.22. I feel there was an unnecessary or unhelpful waste of resources trying to manage expectations of businesses/individuals when answers were not known, while at the same time trying to then guide and assist with the development of a policy idea to the granular level.

2. Funding for Local Authorities

2.1. I was not personally consulted directly by Scottish Government on the timing or amount of funding that might be announced or made available. The Directors of Finance Section was actively engaged alongside COSLA through the SDG. The timing of announcements for grant schemes was often challenging, as it was clear that implementation was expected over a short period of time but was often without clarification on scope, objectives, eligibility criteria and therefore we were left trying to implement something that didn't have all the 'parts of the puzzle'.

2.2. There was little discussion on funding for Local Authorities, it took a long time for funding to be confirmed that would support the Council itself, and while it is understood that funding for Local Authorities was dependent on consequential from UK Government to Scotland, it was difficult to manage the impact from there being a void in information and cash.

2.3. With Local Authorities not receiving immediate additional financial support, I was obliged to advise that the Council take action to manage the situation and high level of uncertainty around income levels for financial year 2020/21. The Council, for example, took key decisions in March 2020, and presented changes to budget decisions in June 2020 JB/12 [INQ000657967]; JB/13 [INQ000657966]; JB/14 [INQ000657969]; JB/15 [INQ000657968]. This laid the foundation for the Council to spend less on existing services and move attention to emerging services or Pandemic related activities.

2.4. In respect of funding received for Local Authorities, many, if not all, Council's did increase reserves at the end of 2020/21 and 2021/22, and looking back it is perhaps therefore easy to conclude that Council's did receive sufficient funding to deal with the Pandemic. But that would not capture the reality, nor would it reflect what it felt like during those years.

- 2.5. There are two aspects to where increased reserves came from (i) reserves for use by the Council; and (ii) reserves set aside to support the ongoing delivery or implementation of economic and other funding schemes.
- 2.6. Reserves for use by the Council: Scottish Government were very far from clear about whether there was going to be funding to support Council services for much of 2020, with key decisions and distributions only being made at the very end of the financial year, cash distributed in the last two weeks of March and figures finalised. This was perhaps in part due to budget setting processes and timing of Budget announcements by UK Government and Scottish Governments being key decision points.
- 2.7. This late distribution of funding was reflected in the Finance Circulars (FC) issued by the Scottish Government, namely FC01/2021 where an undistributed sum of £200m for Scottish Local Authorities was shown (Annex G, JB/16 **INQ000661274**), and a month or so later in the FC05/2021 (Annex G, JB/01 **INQ000657752**) the distribution was confirmed. Initially £90m was to be made available for 'Loss of Income' and a figure of £3.6m was available when I wrote the Council's Quarter 3 Financial Performance report (Paragraph 3.8, JB/17 **INQ000661277**); JB/18 **INQ000661275**; JB/19 **INQ000661276**. However the updated figure, confirmed in FC05/2021 (JB/01 INQ000000000) added almost £5m more to the Council income. In total for the 'Loss of Income' funding stream Aberdeen City received over £8 million of funding that had not really been relied upon at any point during the year to balance the year end position. This was paid in the last two weeks of the year and essentially was added to reserves, the Council having acted during the year to reduce expenditure where ever it could, endeavouring to balance the budget in the event that further funding from Government would not be available, after all we were having to manage the financial circumstances that we knew about.
- 2.8. It wasn't just about the funding that may or may not have been available, there were other interventions put in place by Scottish Government to assist Local Authorities – fiscal flexibilities.
- 2.9. The Council, for example took advantage of some of these, specifically in 2020/21 the ability to defer accounting for Debt Principal to be paid and then to spread that across the following 20 years. A short term benefit that was one-off in nature and

was used to help improve the Council finances and the resilience of the Council's balance sheet / reserves position.

- 2.10. Combined, action to achieve savings, additional funding late in the year and fiscal flexibilities provide the conditions for the Council to increase its Usable Reserves.
- 2.11. Reserves for Covid Grants: Not all of the money distributed by the Scottish Government was used by the end of the financial year, with the process of implementation, application, decision making and payment in some instances covering an extended period and for some of the grant schemes they crossed over from one year into the next. The Council needed to set those monies aside to ensure it could pay for the obligations that remained under the scheme, or if required to be able to refund the money to the Scottish Government.
- 2.12. Therefore, at the end of the financial year, the Council set aside that money for use in future years, the accounts show that this was under the heading of 'Covid Grants', described as 'Covid funding carried forward'. At 31 March 2021 the value earmarked was £34m, and at 31 March 2022 it had reduced to £19m. It has thereafter reduced further as I seek to support the Council from the enduring effects of the Pandemic with the resources that were retained.
- 2.13. My view is that reserves increased for many reasons, including the Council taking early decisions and action being implemented to manage expenditure down to the lowest levels possible for the circumstances, late confirmation of material sums of money to support Local Authorities and alternative fiscal flexibilities being made available, plus money carried forward to support the various schemes that overlapped the financial years, not because of overcompensation.
- 2.14. I think I always appreciated that funding and interventions to help could lead to an image of Council finances that was contradictory to the financial circumstances we were experiencing. The reason that I don't think that was a bad thing is that we didn't know what was yet to happen, there were major implications for Council income sources, from parking for example, that were not going to recover or rebound as soon as restrictions were lifted in full, there was an expected medium to long term impact on the Council.
- 2.15. There was a clear message in the 2021/22 financial settlement from Scottish Government that there was one-off, non-recurring funding to support Local Authorities. If that was all there was to rely on for the year, then the Council

had to take the responsibility to manage its finances itself, balance its budget and ensure that financial sustainability was considered, and in part this included ensuring that reserves were managed effectively and resources remained available to support the Council through any future financial shocks.

- 2.16. Estimates are imprecise by their very nature. For me, I was trying to rely on the best information that I had to make those estimates. Feedback through COSLA on the need for specific funding to support the administration of grant schemes, where acted on provided income to support Council expenditure and also helped reduced the uncertainty.
- 2.17. To be more accurate with estimates, I think being clearer in policy or scheme development and with some additional time spent at the start of that would help with estimating grant schemes, and the determining the financial implications or parameters.
- 2.18. If the circumstances were similar than ensuring that there are data sources that are up to date and comprehensive would make a difference too. The wide range of scenarios that could require funding for grant schemes and Local Authorities means that best effort is probably put into ensuring access to relevant data and identifying key data sources. Putting in place, for example, data sharing agreements if those don't already exist would be helpful to ensure access to data that is needed and an ability to collate that data.
- 2.19. In respect of Local Authority funding requirements the collation of data through COSLA was and remains a process that we use to gather a Local Authority sector position. I would support the continued use of COSLA being the focal point for a single source to collectively support Local Authorities. We have successfully used our structures with COSLA to support, for example, pay modelling and for annual lobbying activity by COSLA on behalf Local Authorities.
- 2.20. I can see how a penalty could be attractive to some to try and secure more accuracy, but there are flaws in that approach because if the information the Council has or the circumstances and estimates that it is making are based on the best information available then it may be unable to provide more or increased accuracy. Estimates are by their very nature subject to change.
- 2.21. I would support an approach that recognises trust and the professional judgement that is placed up me as a s.95 Officer for the Council, that I have personal and professional ethical standards to uphold and that I take great care

with. To be threatened with a penalty in an environment that is fast moving, highly pressured and where complexities due to changes in the operational arrangements can evolve, for example, is not necessarily going to deliver a better result.

2.22. In Scotland despite collating the value of income loss from each Council to help support the overall quantum of loss, when the amount of funding was finally confirmed the distribution followed the 'needs' based approach that underpins our funding. The individual estimates were not paid out to each Council and I had to accept that the amount that the Council received, was not the value that had been estimated.

2.23. This, like other funding for Councils went through the needs based distribution process. Poor estimation did not directly lead to a benefit for the Council. I think that each s.95 officer is responsible for and should be trusted to have signed off estimates and for that information to be collated by COSLA.

2.24. In respect of the adequacy of funding allocated for Local Authorities and in common with the established processes, distribution of funding was based on need, which was underpinned by relevant data sources. This was discussed at the Settlement and Distribution Group (SDG) and recommendations were made prior to final calculations being made and money distributed.

2.25. Distribution is highly important for each Council, but perhaps more important is the quantum of funding that is going to be distributed. Throughout the Pandemic quantum of funding was a common topic, the information that was captured by COSLA on behalf of Local Authorities was vital to describing the pressure that Local Authorities were under and in supporting distribution of funding that was made available. That didn't always mean that the sum of money needed was always available.

2.26. I don't remember where the starting point for data collection was, but it was clear that data was needed and a small group of COSLA, Scottish Government and Director of Finance representatives discussed this from an early stage. I would say that the process was iterative, there was an initial collection of cost pressure estimates, based on mobilisation and other costs, such as lost income, as well as savings. It was early in the financial year, limited amounts of accurate cost information were only just coming through the financial systems so initial data was based on estimates. Working together the information requests became

more refined and in some cases more detailed, and it was through the tripartite working that this was done. Data collection principles were agreed for 'Loss of Income' data capture. With the passage of time, financial transaction information increases and therefore accuracy improves. Excel spreadsheets were used, with instructions provided, to capture the information from the 32 Local Authorities, with collation of information done by COSLA, the financial impact on the Local Government sector was usually shared with Scottish Government rather than individual Local Authority data. COSLA played a vital role in lobbying for the funding that Local Authorities needed.

2.27. 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 the our understanding of the 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 (and I expect other sectors) questioning if they were going to be supported to the level that was necessary or not.

2.28. Adequacy of funding also has to be considered in the context of 'recovery', while much of the attention in the early stages was about response to the Pandemic, for Local Authorities it was clear that planning for the future and that message that we needed to be as prepared as possible to support the recovery of our communities. The Scottish Budget for 2021/22 included one-off funding for Local Authorities, and as the Scottish Budget for 2022/23 was being prepared COSLA's lobbying campaign emphasised the importance of the recovery phase, seeking the funding that was necessary to enable Local Authorities to fully play their part.

2.29. Funding of course goes through the annual cycle of budget setting and while COVID related funding was seen as additional, but one-off in nature, there were still the annual decisions to be made and budgets balanced. For 2021/22 the Council's budget gap was reported as £30m, this was balanced through using reserves, receiving a grant for a freeze on Council Tax, applying fiscal flexibilities approved by Scottish Ministers and a number of smaller value changes to budgets. For 2022/23 a further £32m had to be found to balance the budget, again the fiscal flexibility options were used, Council Tax was increased by 3%

and alongside a wide range of savings options, the Council also made use of Reserves it had built up.

- 2.30. The funding that the Council received at the end of 2020/21 provided some resilience to support the budget setting in 2021/22 and into 2022/23, and I would say the funding received throughout the Pandemic wasn't about adequacy in any moment, it was about the whole cycle, the need to have received funding when the Council was paying out for services they don't normally deliver, to compensate for income no longer being received and then to allow the opportunity to continue necessary services while also focussing on the medium term recovery plans. The funding in the system across the whole period up to June 2022 was essential to maintain all of the component parts of being a Local Authority.
- 2.31. I continued to prepare Medium Term Financial planning documents throughout the Pandemic for the Council, as well as annual budgets. I found that working with the Extended Corporate Management Team (Chief Executive, Directors and Chief Officers) we needed to start to take account of some of these unknown, wider risks and to develop our scenarios depending on the progress of the Pandemic. More focus was given to financial resilience and the Council developed its Financial Resilience Framework to focus more sharply on metrics such as debt levels, reserve values, spending commitments, security of income, liquidity.
- 2.32. While communication channels were generally effective, as said before I found that public announcements sometimes preceded operational guidance, raising expectations and causing confusion. For example, the £500 "thank you" payment to health and social care workers was announced before implementation details were finalised, which created challenges for Local Authorities, including who was to receive a payment and timing of when those would be processed.
- 2.33. I believe s.95 officers/Directors of Finance, have always maintained a strong, positive relationship with COSLA and there was frequent information sharing and communications during the Pandemic, as before and since. That relationship ensured I had confidence to ask questions or raise queries with COSLA directly or with other colleagues across the sector. My earlier points about the transparency of message about what had been received by way of funding, what was committed and what was still being considered would have helped at

particular points when it was unclear how much might be allocated to Local Authorities to support continuing operations.

- 2.34. In respect of the funding that was provided for Local Authorities I think there was an ask from us, through COSLA, that the funding was provided without specific terms and conditions, that is to say to receive it through the General Revenue Grant, to allow for greatest flexibility.
- 2.35. The delivery of key funding streams in support of Local Authorities was delivered this way, with in 2020/21 "Covid Funding", "Income Loss" and "Additional UK Consequentials" JB/01 [INQ000657752] funding streams all being added to the Council General Revenue Grant. This was very much welcomed.
- 2.36. As Local Authorities had sought as much flexibility as possible to respond to the different costs, pressures and demands that they were experiencing I appreciated the light touch monitoring requirements that directly arose from the allocation of additional grant funding for the Council. Avoiding the creation of an industry to support monitoring and reporting would have impacted on capacity and resources, costing more and placing additional burden on systems that were already under enormous pressure.
- 2.37. This approach was underpinned by using the underlying reporting and scrutiny arrangements already in place. Expenditure and income was captured and included in the Council accounts and was subject to the scrutiny of our external auditors. This is the process that supports normal Local Authority spending and I think it was both relevant and sufficient in the circumstances.
- 2.38. Data collection for specific impacts, namely the loss of income, was carried out on the basis of estimated data and I remember it was refreshed during the first year enabling adjustment to rely on better information as the year progressed. The initial allocation of £90m was insufficient to address the estimated impact across all Local Authorities, and while the distribution of this sum was known and the Council could then make use of that information, it was uncertain if this value would be revisited later in the year.
- 2.39. I had advocated for less monitoring, more trust and reliance on the usual systems that support and scrutinise Local Authority spending. Therefore I don't think I would want more or enhanced monitoring.
- 2.40. The funding received for COVID grants was scrutinised by KPMG, our appointed external auditor, and it was added as a specific area of audit focus and

led to work being carried out the them and reporting as part of their Annual Audit Report.

- 2.41. I note that the 2020/21 Annual Audit Report JB/02 [INQ000657756] also stated that the Scottish Government (in finance Circular 10-2020 JB/03 [INQ000657747]) set out specific expectation that details of the impact of COVID-19 were to be included in the Management Commentary (in the Council's Annual Accounts) and therefore there was clear thinking and acknowledgement of the form of monitoring and scrutiny Scottish Government expected.
- 2.42. This, and the revision to the statutory deadlines for the submission of Annual Accounts, was welcomed by Local Authorities.
- 2.43. Reporting on other specific grant schemes, where the Council was paying money out based on a set of terms and conditions and specific criteria was different and while some schemes had very specific reporting requirements others did not. More on this is included in section 3 in respect of the Business Grant Schemes.
- 2.44. In the future I would ask for appropriate and relevant monitoring arrangements to be put in place, consideration being taken of the effort and resource that is required to maintain those arrangements. Acknowledgement and reliance being placed on existing processes and procedures in place. Funding provided to the Council has a significant amount of financial scrutiny and monitoring already in place and anything that is added should be proportionate and complementary, adding value.
- 2.45. I believe that Local Authorities were the organisations that did have the skills, systems and processes that could delivery an economic response as it unfolded, I cannot think how else these schemes and support arrangements would have otherwise been implemented.
- 2.46. I think that the Local Authorities did a remarkable job of adapting to the resourcing challenges of the Pandemic, through the movement of staff from areas of work or services that could not operate to training and re-training teams of people to deliver services in a different way or implement the wide range of new services, including support for people and businesses.
- 2.47. The teams that we had in place would never be a perfect fit in the event of a similar situation, there is a structure and processes necessary for 'business as usual' service delivery and a Pandemic response was different therefore

resources do need to change. If I remember correctly business grant schemes, initially, were not accompanied by administrative funding and this did challenge adding resources to small teams and make it more difficult for the Council to add additional cost.

2.48. The movement of staff from other roles was acknowledged as already part of the costs budgeted for in the Council, but with financial uncertainty across the system and a need to balance the budget, had there been funding to administer grant schemes from the start it would have changed the parameters that Local Authorities were working with and perhaps enabled greater resource to be secured and deployed to support the schemes.

2.49. We did not know how many grants we may be delivering, or for how long, it was therefore hard to accurately predict resources requirements. To try and keep on top of the volume Officers were working, at peak times, 7 days a week, and 70 plus hours a week, clearly not sustainable.

2.50. An increase in Freedom of Information requests added further pressure to already stretched resources.

2.51. From a Scottish Government perspective guidance was provided. They produced initial draft guidance which was discussed and reviewed by Scottish Government led Project / Steering Groups, of which COSLA were a part. They suggested changes where appropriate. For the majority of grant funds scheme guidance was available to councils as a draft prior to the go-live date, and the final version of the guidance was issued to Local Authorities as appendices or schedules with Offer of Grant Letters detailing the funding being made available, but that was not always the case.

2.52. I would finally note that COSLA worked tirelessly to support Local Authorities, providing the link through which 32 Local Authorities connected to Scottish Government. In my view this made it substantially easier for the sector to deal with the situation, streamlining the communications and processes required at that time.

3. Business Grant Schemes

3.1. The early business support schemes were implemented quickly with clear eligibility criteria and guidance. As the pandemic progressed, however, the

number and complexity of schemes increased significantly. Local authorities had to redeploy staff and resources from other areas, to support Non Domestic Rates (NDR) and Business Gateway teams to manage delivery at the required scale and speed. A challenge arose when new grant schemes were announced publicly during, for example, the First Minister's televised briefings before detailed guidance or eligibility criteria had been issued to Local Authorities. This was the exception rather than the rule, but the impact was a surge in enquiries from businesses seeking support before Local Authorities had operational detail to share. In these instances earlier engagement with delivery partners before public announcements would have supported a smoother rollout and managed expectations more effectively.

- 3.2. In setting up the processes for implementing the schemes fraud risk was considered by the Council officers as part of the process, during processing of applications, cases of concern were discussed with counter-fraud officers and internally. There was a clear understanding that some businesses were applying to multiple Local Authorities and that is where personal and professional networks helped to collaborate on concerns raised in that respect.
- 3.3. In terms of fraud mitigation, the IRRV forum provided an effective means for Local Authorities to share intelligence and flag suspected scam claims in real time. This collective approach stopped many fraudulent applications in their tracks. Given the overall value of grants paid out, the number of fraudulent cases was very small, only a couple of instances, representing a tiny percentage of total payments. I note that a colleague in Argyll and Bute specifically mentioned that a small number of businesses that had correctly claimed their grants later chose to repay them voluntarily, demonstrating that the systems in place, and the guidance issued, encouraged honesty and transparency.
- 3.4. It is worth noting that counter-fraud checks take time and information to do and therefore when the schemes were being pushed at speed there is balance that ultimately has to be struck, and decisions have to be made.
- 3.5. I noted that Scottish Government effectively took on financial implications of the fraud risk for the business grant schemes, but the Local Authorities did put in place reasonable arrangements to mitigate the risk as far as possible, within resources and timescales.

- 3.6. The Council's role in recovering irregular payments was to conduct post-payment assurance checks to identify such payments, including those made in error or due to fraud. Initiated recovery efforts for identified irregular payments through established debt recovery systems, in some instances businesses were also excluded from any further Covid-19 business support. Reporting and reconciliation with Scottish Government on recovery of funds and any outstanding debts was also carried out.
- 3.7. I would say through the rapid rollout of schemes, limited pre-payment checks, and ever evolving guidance, that created challenges in identifying and recovering irregular payments effectively. There was no clear or consistent strategy for recovery as the focus and pressure had been on speed and volume of payouts. Post schemes there was a lot of focus on collecting statistics and figures on unrecovered debt with an emphasis placed on Local Authorities but little in the way of support to do so.
- 3.8. Positives were COSLA and SLAED regularly shared intelligence although it was evident that there was a lot of inconsistency in how Local Authorities were identifying and categorising irregular or fraudulent claims, which again was down to a lack clear central guidance.
- 3.9. In the future we should implement robust eligibility verification systems before disbursing funds. Emphasis was put on simplicity and speed of disbursement without fully acknowledging the complexity involved with, for example, non-domestic rates liabilities and systems, i.e. delays in valuation roll updates leading to outdated entries, a high number of businesses using agents as the bill payer or multi-layer business structures and shell companies.
- 3.10. Establishing a Scottish-wide debt recovery protocol with clear legal pathways for reclaiming funds from the outset would be helpful. Providing training, tools and support to Local Authorities to identify irregular claims. Access to central real time data would have helped with verification as well.
- 3.11. Local Authorities have the skills, but at the time the impact was on relatively small teams so there was a clear and urgent need to increase the size of those teams to support the volume and scale of the schemes to support the systems and processes that were being set up.
- 3.12. Achieving this was challenging, but was done by internal moves from teams that were unable to carry out their normal tasks and service delivery, we used

Agency staff and those who were on our redeployment register. There was high turnover due to the temporary or stop start nature of the work and this led to the need for constant retraining of new recruits to the team - there was no overarching training support from the Scottish Government, this was absorbed by Local Authority managers and team leaders.

- 3.13. A lack of clarity in the development of schemes did lead to applications in being reconsidered, I experienced this as a member of the Council's appeals panel for Business Rates related schemes, where the information provided by, or the circumstances of, a business made it more difficult to categorically award funding or relief, or not.
- 3.14. Some business thought they were entitled to help and received nothing, they blamed the Council while we were working to Scottish Government guidance. This added to the demand on resources requiring more staff, to deal with high level of complaints, phone calls, and Freedom of Information requests.
- 3.15. The pressure to quickly process applications was evident in the Scottish Government's focus on weekly reporting, it did mean that this was the priority.
- 3.16. Reporting for some of the grants was also excessive, with templates and Key Performance Indicators (KPIs) provided after the fact, which did not align with how teams had been recording applications. This further stretched staff resources to analyse and convert data for reporting purposes. It would have been more efficient if the KPIs and reporting templates had been provided at the outset with the funding letters.
- 3.17. Despite these pressures, overall, the schemes were successful and provided vital support to businesses at a critical time. Local authority teams adapted quickly and worked collaboratively with the Scottish Government, COSLA, SLAED and the IRRV to deliver funding efficiently and maintain assurance standards.
- 3.18. I wouldn't describe the funding simply as adequate or inadequate, it is clear that the Council received some additional funding to support it through the period of the Pandemic. That funding was used to support the operation of the Council across a number of years and to deliver the business grant schemes that were put in place, where available the administrative grant elements supported the overall position.

- 3.19. While it was clear that additional funding had been received, it did not remove the need for Local Authorities to think and act very carefully to balance the budgets. The financial settlement was not without its challenges, with inflation rising, demand growing and several income streams reducing, there remained a shortfall in the funding that Local Authorities received compared to the need. The adequacy of funding for the business grant schemes cannot therefore be a simple yes or no.
- 3.20. Schemes were often difficult to administer as there was no consistent approach to funding the resources required to implement, deliver or reconcile the numerous business grant schemes that were put in place. There was funding for administration with some of the schemes but not them all, and it was very uncertain at the start, it was as if the practical challenges of delivering grant schemes from scratch through a system that had existing work to do was ignored or put to one side. The Scottish Government did listen to feedback and funding for schemes was provided but it was the delays and uncertainty that meant the teams were frustrated.
- 3.21. In my role I was unclear what financial support we could be relying on to fund our activities, particularly at times when it felt like there was little prospect of general revenue funding to support Local Authorities becoming available very quickly. It would have been more helpful to have a standard approach to apply to all schemes that had been established from the start.
- 3.22. I think schemes became increasingly complex, with frequent changes and programmes running concurrently. The complexity also arose from the volume, reach and variability of the schemes. The Strategic Framework Business Fund and Self Isolation Grant had multiple versions and eligibility changes, which added to the administrative burden and to the challenges for people knowing what they were eligible for, or otherwise.
- 3.23. The landscape of schemes was wide and varied, and it was complex, it would be easy to say it was too complex, but I do think it was the product of the circumstances.
- 3.24. I don't think you can say that there was a singular set of business grant schemes. Schemes were being developed over time, responding to the latest circumstances or feedback from businesses. The complexity for Local Authorities came from administering so many different schemes that had different terms and

conditions, having to respond to questions and queries, explaining what businesses were entitled to apply for or not. Arrangements had to be put in place for appeals in some instances, therefore revisiting applications multiple times. The length of the response to the Pandemic also meant that schemes were open for different periods of time, funding was provided on a one-off or on a recurring basis unless circumstance changed, both businesses and the Council had to remain on top of all of this detail.

- 3.25. The reporting requirements and reconciliation work that endured, was further complexity.
- 3.26. I think there is an opportunity for principles to be created now that could support simpler, more streamlined schemes and that better advance notice would be beneficial in future emergencies.
- 3.27. There was a set of eligibility criteria established for the business grant schemes as such, there was a natural consequence that some businesses would be able to claim while others wouldn't. It appeared to me that the main groups of businesses were covered by schemes, however it was the more unique businesses, those that didn't have a trade body or just happened to fail the eligibility criteria that fell outside the parameters, examples I remember were motor trade businesses with no retail / shop element, businesses such as those that only did bodywork repairs or wheel repair/custom work; this was also the same for kitchen and bathroom businesses; and then there were florists; and dog walkers that fell outside the criteria.
- 3.28. I would expect that Local Authorities will have identified a limited number of businesses that were unique or one-off that were in need of financial support that weren't able to apply.
- 3.29. Some funding provided included discretionary elements, whilst this was positive in terms of being able to assess and meet local need, it did lead to additional workload and disparities/uncertainty between the support provided to businesses in different local authority areas. Later in the timeline, funds such as Local Authority Covid Economic Recovery (LACER) funding was substantively devolved to local authority discretion. This allowed for tailored local schemes of support for recovery, but naturally resulted in types of supports varying across the country and therefore a requirement to manage the expectations of local communities and businesses.

- 3.30. Doing more to address inequalities is likely to be supported by having more detailed or up to date data to support the design of schemes.
- 3.31. Feedback from other Councils included, there was at times a lack of clarity as to which businesses were being supported through schemes run by other agencies (e.g. Highlands and Islands Enterprise, Visit Scotland, Creative Scotland) – this created confusion when designing discretionary support via Scottish Government funding, in terms of identifying which business had access to support and which did not.
- 3.32. Support for small accommodation providers was restricted only to those which were members of a local trade body or equivalent. While this was intended to ensure that genuine business operations received support, there could have been scope for local discretion to ensure that businesses which did not meet this criteria but were otherwise known to be operating could have qualified.
- 3.33. I think they were generally targeted well, I don't think they covered all those in need and the schemes were adjusted and added to across the relevant time period but it is clear that many businesses that had no income were provided with support during the Pandemic. Whether it was sufficient, and whether some businesses did not receive the support they needed would be for them to say. There is no doubt in my mind that grant funding allowed business obligations and liabilities to be met during this time.
- 3.34. I don't remember specific mechanisms being in place for grant funding to be returned, but a small number of repayments were made on a voluntary basis by businesses that had correctly claimed grant funding. I do not know what reasons they may have had for repaying the grant they had received.
- 3.35. I think there is a place for having a mechanism for repaying public money awarded through schemes such as these. This could be as simple as identifying and setting out a process for what the business has to do to make a repayment.
- 3.36. If it were to become a requirement, with checking and verification processes that involves validation of business transactions or financial information from the company, and for decisions to be made about what must be repaid, it risks undermining the initial purpose of grant funding in a crisis, i.e. to support cashflow. It also adds substantially to the resource requirements for the scheme.
- 3.37. Despite the challenges, I believe that COSLA, Local Authorities, and the Scottish Government worked effectively to deliver essential funding at pace.

Support reached those in need, and local authority teams adapted quickly to changing circumstances. This meant that businesses were financially supported when they needed it most.

- 3.38. Value for money, on one hand wasn't my primary concern, given the Council wasn't determining the scheme or the policy objectives that were to be achieved, but as the organisation responsible for implementing the schemes there was a professional responsibility to ensure that we did so accurately and in a timely manner to ensure those that were expected to benefit from the scheme, did.
- 3.39. In doing so and paying out hundreds of millions of pounds to businesses the Council supported thousands of businesses across the period of the Pandemic. Their ability to recover and continue trading, employing the people they did, after the restrictions were lifted would be the test of whether or not that was value for money and I don't have the data to give me that insight.
- 3.40. I feel that I need to explain what I mean. The Council was administering business support grants on behalf of the Scottish Government, this is evidenced by the LASAAC (Local Authority (Scotland) Accounts Advisory Committee) guidance published 13 May 2021, where business grants were almost exclusively categorised as Agency JB/04 [INQ000657755]. This meant that the Council was acting as an intermediary, the definition being "A council is an agent if the entity's performance obligation is to arrange for the provision of the specified grant or other financial support by the Scottish Government. An entity that is an agent does not control the specified grant or other financial support provided by the Scottish Government before that good or service is transferred to the recipient."
- 3.41. I would add that the duty of Best Value on the Council remained in all that it did at that time, as did the controls and mechanisms we had in place to protect public funds. The Council implemented these schemes on behalf of the Scottish Government but in the context and control environment that already existed to ensure payments complied with the eligibility criteria, that avoided errors or duplication and prevented fraudulent payments. I do acknowledge that systems and controls cannot be 100% fraud proof but by ensuring proper process was undertaken to follow the guidance and eligibility then I'd say that the money paid out by the Council reached those that were the intended recipients and therefore offered value.

- 3.42. I would note that processing staff are likely to have seen applications from companies and businesses that were not obviously in financial distress but met the eligibility criteria and therefore were entitled to payment(s). At the same time they will also have spoken to businesses that were not eligible for a particular scheme, or any scheme, yet were clearly under significant financial pressure. Matching up the recipients and the lines that are drawn round a scheme to define those who can and cannot benefit was I'm sure based on the availability of money to support it within a landscape of financial support being required across the country and across many areas of public life.
- 3.43. The guidance put in place for schemes therefore has to discriminate at a certain point. Local discretion could have been introduced to support a more complex, time consuming and challenging implementation that tried to determine who or which businesses needed the money but that comes at a cost, particularly time, time for evidence gathering, for determining whether information was sufficient, accurate, etc. and for dealing with the inevitable appeals from unsuccessful businesses.
- 3.44. Ultimately value for money is a balance, did the money get to those that needed, I would say overwhelmingly yes, did they get it in a timely manner, arguably yes, did that support the continuation of businesses, yes, did some businesses benefit where they weren't in need, probably, and did some businesses miss receiving support when they were in need, probably. Did this represent value for money, I'd conclude that it did, but we can always learn lessons.
- 3.45. I think the experience of the COVID pandemic will have provided data about which businesses types were impacted, I see through the evolution of the schemes increasingly targeted schemes, for example taxi and private hire, bed and breakfast and self-catering schemes, maintaining relevant up to date data on the range of business sectors that were supported would remain important.
- 3.46. Tiered systems where different parts of the country could have different levels of restriction, would benefit from a more dynamic approach supported by clear criteria and parameters so that financial support could be automatically adjusted depending on the circumstances of the moment.
- 3.47. I would suggest developing a business case to decide whether to invest in real-time data systems that track support uptake, business demographics, and

sector-specific needs. Use this data to inform future crisis responses and schemes.

3.48. I would welcome a single portal created for businesses to find the information they need, make applications and to find a solution for businesses that operate across Local Authority boundaries, to access funding in a more streamlined and consistent way.

3.49. I said earlier that Local Authorities were there right organisations to implement schemes to support businesses, to be more supportive and flexible in any future situation, then to be clear in the financial support that can be provided to acknowledge and support the work needed would make a difference. In addition there could be a place for financial support to Local Authorities to enable the development of support packages, training and advisory services.

4. Inequalities

4.1. The Socio-economic rescue plan was prepared by the Council in the first few months of the Pandemic and presented to the Council's Urgent Business Committee on 30 June 2020. This was prepared in recognition that there were immediate steps that needed to be taken to support the city's economy. The Rescue Plan was a short term response to the crisis and the immediate steps to be taken with partners and stakeholders working together. It had the message to the community that while the world had changed, Aberdeen City Council's purpose hadn't: putting people, place and business first. JB/05 [INQ000657751]; JB/06 [INQ000657748]; JB/07 [INQ000657749]; JB/08 [INQ000657750].

4.2. The Council was provided with updated on the progress of the plan in May 2021 JB/09 [INQ000657754]; JB/10 [INQ000657753], which referenced key outputs from the business theme have included:

- Development of an Aberdeen City Council Business Charter;
- Implementation of a 'Shop, Visit, Eat' local campaign, used by a number
- of partner organisations, particularly during the festive period;
- Development of an 'Aberdeen Gift Card', which can be used in retail and hospitality venues throughout the city with over 3,618 gift card sales to date totalling £149,490 (as at 31st March 2021);
- In-depth, tailored support provided to 40 local tourism businesses through the Tourism Business Recovery Programme and a series of tourism

recovery business webinars were run with 773 attendees in total, through 36 webinars;

- Running of 'Redundancy to Recovery' and 'Emerging Minds' webinars as part of the Business Gateway Recovery Programme to provide an insight into how to start a business, with 550+ attendees to date.

4.3. A further and final update on the plan was prepared for Committee in November 2021 JB/11 [INQ000657757], which referenced

- Continued delivery of Positive Destination Planning Sessions to support young people at risk of leaving school without a positive destination;
- Launch of ABZ Works one-stop employability shop website with information on employability support, volunteering, and learning and development opportunities available in Aberdeen;
- Joint employability communications campaign with other Aberdeen training providers to promote employability support and learning and development opportunities available in Aberdeen;
- The Council is the lead accountable body role for the delivery of the £14.3m North East Economic Recovery and Skills Fund.
- Delivery of a number of virtual and face-to-face Partnership Action for Continued Employment (PACE) redundancy support events and jobs fairs;
- Reopening of Aberdeen Art Gallery on 26th April 2021 following the winter lockdown and since welcoming 50,669 visitors (as of 26th October) including an official opening of the refurbished Gallery on 21st September 2021;
- In relation to the Aberdeen City Council Business Charter there has been delivery of Responsible Business and Meet the Buyer events, and support provided to businesses in delivery of their social corporate responsibility aims;

- On-going work with Commercial and Procurement and other services within the council to ensure that community benefits are incorporated into invitations to tender;
- To build on this social value activity, the City Growth Service proposes to develop, with colleagues from other services and input from external partners via Community Planning Aberdeen and the Multi Agency Management Group, an Aberdeen Community Wealth Building approach that will provide a framework to maximise the economic and social impact of the Council and other key local organisations;
- Advice and support to local businesses and those considering starting a business, is supported through the Business Gateway Service;
- To enhance this activity the City Growth service will, within the framework of the Business Charter, develop the concept of a “virtual team” to coordinate the council’s interaction with key businesses and the development and delivery of investment opportunities. This will be further developed to consider a coordinated approach - working with partners, in particular Scottish Enterprise, Skills Development Scotland and Opportunity North East, to establish virtual support teams that draw on the knowledge, skills, expertise and resources of the partners to maximise the economic impact of businesses and opportunities in Aberdeen.

4.4. I feel this represents a substantial and comprehensive approach, while also delivering the business support grants schemes, to recognising there was a need to address a wide range of matters to support businesses, employers, those looking for work and those looking to start their own businesses.

4.5. Feedback, flexibility, and collaboration are essential for addressing inequalities, and iterative development of schemes with input from delivery partners and affected groups will help to ensure a fairer response.

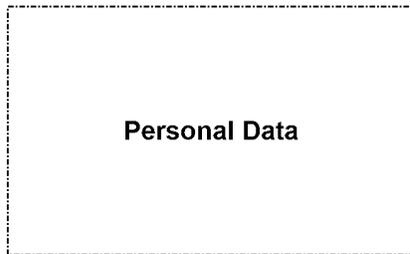
4.6. Scottish Government maintaining a Equalities Impact Assessment / Islands Impact Assessment and regularly updating would help to identify any mitigations to the impact that an economic crisis might have in the future. There could be the outline design targeted outreach and support for women-led, minority-owned, and rural / island businesses. This could include flexible eligibility criteria for emerging, small / micro businesses and the newly self-employed.

4.7. I think that scenario planning of grant funding schemes for businesses could look at the implications and practicalities of being more heavily weighted towards Local Authorities applying discretion, recognising the points made earlier that with that discretion comes a higher cost of implementation. I accept that this may mean that Local Authorities have to share the error and fraud risk that is associated with the decision making, with the opportunity for more impact being achieved, and those in greatest need accessing the finite funding.

Statement of Truth

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

Signed: ____



Dated: __17 October 2025_____