

Witness Name: Louise Macdonald

Statement No.: 7

Exhibits: LM7

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UK COVID-19 INQUIRY

MODULE 9

WITNESS STATEMENT OF THE DIRECTOR GENERAL COMMUNITIES

This statement is one of a suite provided for Module 9 of the UK Covid-19 Inquiry and these should be considered collectively. In relation to the issues raised by the Rule 9 notice dated 17 December 2024 served on the Scottish Government, in connection with Module 9, the Director-General Communities will say as follows: -

Introduction

1. The Permanent Secretary is the senior civil servant in Scotland. There are eight portfolio Directors-General (DG) who report to the Permanent Secretary. A DG manages a number of Directorates and agencies which are responsible for proposing legislation and putting Scottish Government policy into practice. The DG Communities is Louise Macdonald. The direct reporting line for a Director is to their portfolio DG but they also report directly to the Permanent Secretary and to Ministers. The direct reporting line for Deputy Directors is to Directors but they may also report directly to Ministers. Just as Ministers are accountable to Parliament, civil servants are accountable to Ministers.
2. This statement addresses questions in the Rule 9 concerning work within the responsibilities of the Directorate-General for Communities, the Scottish Government

portfolio responsible for local government policies and equalities. This statement primarily covers work which DG Communities is responsible for. The Inquiry has been provided separately with details of the Scottish Government organisation structure. Further information is being provided in separate statements from DG Corporate, DG Economy and DG Scottish Exchequer for matters which they held portfolio responsibility for, collectively the statements will address all questions contained within the Inquiry's Rule 9 request. As described in the DG Communities Module 2A statement UKIDMEQ188, prior to December 2020, the Divisions that formed Equality, Inclusion and Human Rights Directorate (EIHRD) were part of the Local Government and Communities Directorate, led at the time by Director, Stephen Gallagher. The Connected Communities Division was led at Deputy Director level by Robert Marshall and the Equality and Human Rights Division was led at Deputy Director level by Lisa Bird. Madhu Malhotra was the initial Director of Equality, Inclusion and Human Rights Directorate from December 2020 until she resigned with effect from 31 December 2021. Alison Byrne was appointed interim Director and took up the post from January 2022. Brenda Campbell was Deputy Director for Local Government and Analytical Services Division.

3. Paul Johnston was the DG Education, Communities and Justice from 2015 to March 2021, and was DG Communities from March 2021 to March 2023. Louise Macdonald has been DG Communities since March 2023.
4. The Ministers responsible for each area during the specified period are outlined below:

Cabinet Secretaries

Cabinet Secretary for Communities and Local Government

- Aileen Campbell (June 2018 to May 2021)

Cabinet Secretary for Social Justice, Housing and Local Government

- Shona Robison (June 2021 to March 2023)

Cabinet Secretary Social Security and Older People

- Shirley-Anne Sommerville (June 2018 to May 2021)

Relevant Ministers

Minister for Equalities and Older People

- Christina McKelvie (June 2018 to March 2023)

Minister for Local Government, Housing and Planning

- Kevin Stewart (June 2018 to May 2021)

Minister for Public Finance and Migration

- Ben Macpherson (February 2020 to May 2021)

Minister for Social Security and Local Government

- Ben Macpherson (May 2021 to March 2023)

Minister for Community Wealth and Public Finance

- Tom Arthur (May 2021 to May 2024)

Introduction to local government

5. Local government played a vital role in the administration of non-domestic rates relief, and the distribution of grants and funds in Scotland during the Covid-19 pandemic. This was enabled through local government's long-established role in administering non-domestic rates and processing applications from ratepayers, as well as their capacity to make grant fund payments to businesses.
6. Since 1996, Scotland has been divided into 32 unitary local authorities, or councils as they are otherwise known, of varying sizes. Each of these councils is responsible for the local provision of a range of public services, including education, social care, waste management, libraries, planning and the collection of Council Tax and non-domestic rates.
7. Engagement between Scottish Government and local authorities during the pandemic built on existing networks and channels of communication established prior to the pandemic. This will be described in more detail throughout this statement.

Supporting businesses through 'Phase 1' funds

8. When restrictions were put in place in March 2020 to control the spread of Covid-19, this had an immediate impact on businesses across Scotland with many being forced to temporarily close or curtail their operations. On 11 March, the UK Government announced a package of support for businesses in England which resulted in Scottish Government receiving corresponding Barnett consequential funding. More information on the Barnett consequential funding provided to the Scottish Government is contained in the DG Scottish Exchequer corporate statement being provided in response to this Rule 9 notice.

9. Scottish Ministers took various steps to provide support to businesses, initially based on those businesses paying non-domestic rates. Non-domestic rates are a tax on the occupiers of properties that are entered on the valuation roll. Councils are responsible for the administration and collection of non-domestic rates within their boundary.

10. At the outset of the Covid-19 pandemic, the Scottish Government had a range of existing non-domestic rates reliefs. However, it had limited economic data on individual businesses. There were no existing support schemes that could appropriately be flexed to support businesses during Covid-19 or prior contingency planning for this type of event. In the absence of an existing alternative mechanism to provide financial support to businesses, the non-domestic rates system was determined as a basis to provide initial support at the onset of Covid-19 restrictions, so that funding could be distributed at scale and speed to those businesses whose counterparts in England would benefit from Covid-19 support schemes. This included those most likely to be directly affected by the Covid-19 restrictions. This was done in recognition that the non-domestic rates valuation roll is the largest dataset of businesses (those occupying non-domestic property). Also, in many cases councils already held information on these businesses via the administration of non-domestic rates and could issue grants quickly. As the administrators of non-domestic rates, councils were also responsible for awarding the Covid-19 non-domestic rates relief. The scale of the challenge in delivering support was increased by the fact the

non-domestic rates system is based on non-domestic properties – across a range of sectors - and not the real-time economic characteristics of individual businesses.

11. Scottish Ministers introduced two Covid-19 non-domestic rates reliefs (“Covid-19 reliefs”) on 1 April 2020 for 2020-21: a 1.6% universal non-domestic rates relief which was automatically applied by councils to all non-domestic properties’ rates bills; and a 100% relief for retail, hospitality, and leisure properties in Scotland [LM7/001 - INQ000182997], [LM7/002 - INQ000587029], [LM7/003 - INQ000587028], [LM7/004 - INQ000587033], [LM7/005 - INQ000587034], [LM7/006 - INQ000587035] and [LM7/007 - INQ000587036].

12. On 18 March 2020, Ministers announced the forthcoming introduction of two grant funds (“Phase 1” funds): the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund.

13. These support schemes were based on the design of the English schemes. This was mainly due to the speed at which Covid-19 restrictions took effect and the English support schemes were announced, as well as because the consequential funding provided by the UK Government was as a result of the design of the English schemes. In addition, there were calls from business including via correspondence to Scottish Ministers to act quickly in response and offer similar support in Scotland in the face of the Covid-19 restrictions. Commentary on the ‘Phase 2’ funds is contained in the corporate statement from DG Economy that is being returned in response to this Rule 9 notice. [LM7/008 - INQ000268006], [LM7/009 - INQ000587032] and [LM7/010 - INQ000587037].

14. The Covid-19 reliefs and Phase 1 funds were announced on 18 March 2020 by the then-Cabinet Secretary for Economy, Fair Work and Culture, Fiona Hyslop, in a statement to the Scottish Parliament. A press release was issued on 24 March 2020 with detail and a further press release detailing the Covid-19 reliefs was issued on 27 March 2020. Expansions of the Phase 1 funds were announced in Parliament on 15 April 2020. [LM7/011 - INQ000587038], [LM7/012 - INQ000587039] and [LM7/013 - INQ000147356].

15. Applications for the Phase 1 funds went live on council websites on 24 March 2020. The Scottish Government considers that this could not have been delivered sooner given Covid-19 restrictions were announced by the UK Government on 16 March 2020. The Covid-19 reliefs were available from the start of the financial year on 1 April 2020 (this was the soonest the reliefs could be in place i.e. for the next financial year. At the onset of Covid-19 it was not possible to introduce or amend reliefs in-year via subordinate legislation, only in advance of the financial year. The Coronavirus (Scotland) (No.2) Act 2020 later made it possible, from 27 May 2020 onwards and in 2020-21 only, to do so via subordinate legislation in recognition of the need for flexibility during Covid-19). The Phase 1 funds were open to applications until 10 July 2020, but councils continued to process applications and make awards retrospectively, in some cases up until March 2022. The majority (95%) of awards of Phase 1 funds were, however, made by 14 July 2020.
16. Scottish Government officials within the Local Government and Analytical Services Division, Directorate for Local Government and Communities (as was), designed the Covid-19 reliefs and the Phase 1 funds. This drew on the equivalent English schemes, taking into account forecast cost and the consequential funding received. This design phase also sought to ensure, where possible, that support was targeted to those businesses whose counterparts in England would benefit from Covid-19 support schemes. This included the retail, hospitality and leisure sectors, which were those most likely to be directly affected by the Covid-19 restrictions.

Design of the Covid-19 reliefs

17. In March 2020, using non-domestic valuation roll data and drawing on the number of potential recipients, the estimated cost of the Covid-19 reliefs was modelled internally by Local Government and Analytical Services Division (Directorate for Local Government and Communities) in the first instance prior to introduction. This data was used only internally to inform the design of the relief, taking into consideration the consequential funding received by Scottish Government in relation to the English support schemes, as well as affordability within the Scottish Government's budget, which requires to be balanced. The Scottish Fiscal Commission subsequently produced an official public forecast of the cost of the

Covid-19 reliefs at each fiscal event over the period that these reliefs were available. It was not possible to undertake an economic impact assessment of the Covid-19 reliefs and Phase 1 funds in the absence of a real-time dataset of individual businesses' economic characteristics (e.g. number of employees, turnover) linked to the valuation roll.

18. The workbooks provided [LM7/046 – INQ000606532], [LM7/047 – INQ000606533] and [LM7/048 – INQ000606534] include code for the statistical software used by Scottish Government analysts to model the costs for Covid-19 Non-Domestic Rates (NDR) relief and business support grants prior to their introduction. On this basis, analysts estimated that the cost of the Non-domestic rates reliefs would be £51 million and £824 million for the 1.6% relief and the Retail, Hospitality, Leisure and airport relief respectively in 2020-21. These estimates ultimately aligned with the Scottish Fiscal Commission's own independent costing of these reliefs. The workbooks also include the underpinning calculations developed by the Local Government and Analytical Services analysts to estimate the cost of the Phase 1 funds. These funds were estimated to cost £1,024 million (Small Business Grant Fund) and £275 million respectively prior to introduction (Retail, Hospitality and Leisure Grant Fund).

19. The main assumption was that there would be a full take-up of reliefs and grants by eligible businesses. In addition, there were uncertainties regarding determining eligibility of properties or businesses that arose from known limitations of the available data. Whilst information on the Assessors Valuation Roll indicates the type of property for the purposes of valuation (shop, warehouse, factory etc.), this does not always accurately reflect the nature of the business occupying the property on the Roll. In addition, the Valuation Roll does not identify individual businesses (or ratepayers), instead, analysts had to deduce which properties were part of a single business (occupied by the same ratepayer) from other information held on the Valuation Roll.

20. The universal (not targeted) 1.6% relief that was made available automatically to all non-domestic properties in 2020-21 meant in practice that the poundage charged on properties remained the same as in 2019-20 and therefore the tax rate did not go up

in 2020-21. This policy recognised the challenges potentially faced by all non-domestic property ratepayers as a result of Covid-19 restrictions.

21. Retail, hospitality and leisure relief was automatically awarded in 2020-21 where the council identified that the property was used wholly or mainly for a purpose set out in regulations in the retail, hospitality and leisure sectors. Councils administer rates including reliefs and it is up to them to assess eligibility including requesting information from the applicant. The Scottish Government is aware that councils received for example applications for Retail, Hospitality and Leisure relief and/or the Retail, Hospitality and Leisure Grant from businesses that sold goods both for retail and wholesale purposes, from the premises they were seeking support on. To be eligible for this support, a property in this situation required to be used wholly or mainly for retail purposes (not wholesale). To ascertain eligibility and in particular this point about a property being used wholly or mainly for retail purposes, councils in some instances asked for data from the business in question, for instance, turnover, or footfall data.
22. The design of Retail, Hospitality and Leisure relief was based on the equivalent relief in England which recognised that these were the sectors most likely to be directly affected by Covid-19 restrictions, but with some local variation (for instance language schools were not eligible for retail, hospitality and leisure relief in Scotland whereas they were in England). 100% retail, hospitality and leisure relief was available from 1 April 2020 to 31 March 2022 and was also available to specific airports. 50% retail, hospitality and leisure relief was then available for part of 2022-23 up to 30 June 2022, with a cash cap per business of £27,500.
23. Retail, hospitality and leisure relief was expanded by Scottish Ministers, after introduction on 1 April 2020, following calls from business including via correspondence to Scottish Ministers to encompass more businesses directly affected by Covid-19 restrictions. For instance, on 5 September 2020, the relief was extended with retrospective effect from 1 April 2020 to soft play centres and amusement arcades. This was well-received by the representatives of soft play centres and amusement arcades.

24. Retail, hospitality and leisure relief was made application-based from 1 April 2021 following donations in lieu of relief refunds to the Scottish Government from a number of supermarkets who had been automatically awarded relief in 2020-21 but did not wish to claim it.

Design of Phase 1 funds

25. As referenced in paragraph 17, the estimated cost of the Phase 1 funds was modelled internally by Local Government and Analytical Services Division (Directorate for Local Government and Communities) in the first instance prior to introduction. This data was used only internally to inform the design of the funds, taking into consideration the consequential funding received by Scottish Government in relation to the English support schemes, as well as affordability within the Scottish Government's budget, which requires to be balanced.

26. When introduced, the Small Business Grant Fund was a £10,000 grant available to the ratepayers of non-domestic properties in receipt of or eligible for Small Business Bonus Scheme relief. The Retail, Hospitality and Leisure Grant Fund was a £25,000 grant available to the ratepayers of non-domestic properties in the retail, hospitality and leisure sectors.

27. The Small Business Bonus Scheme is a relief that during the Covid-19 period was available on properties (except those used wholly or mainly for the purposes of payday lending as these were excluded from eligibility) as long as the rateable value of all the properties held by the ratepayer did not exceed £35,000. 100% relief was available where the cumulative rateable value of the properties was £15,000 or less. 25% relief was available on each property where the cumulative rateable value of the properties was between £15,001 and £18,000. 25% relief was available on each individual property with a rateable value of £18,000 or less, where the cumulative RV was between £18,001 to £35,000. From 1 April 2020 only occupied property has been eligible for the Small Business Bonus Scheme.

28. In Scotland, the Small Business Grant Fund was available on introduction to the ratepayers of properties with specified uses in receipt as at 17 March 2020 of the

Small Business Bonus Scheme or Rural Relief, or eligible for Small Business Bonus Scheme but in receipt of Nursery Relief, Disabled Relief, the Business Growth Accelerator Relief or Fresh Start. Certain property uses were excluded. This was to offer support to small businesses which paid little or no rates.

29. Rural relief offers up to 100% off non-domestic rates if the property is in a designated rural area with a population below 3,000 and it is:

- a small food shop, general store or post office with a rateable value below £8,500
- a small hotel, public house or petrol filling station with a rateable value of up to £12,750
- any other business providing a benefit to the community with a rateable value of up to £17,000.

30. The design of these funds was based on the equivalent funds in England, but with some variation. For instance, some properties, such as anemometer masts, were excluded from eligibility for the Small Business Grant Fund on the basis they were unlikely to be directly affected by Covid-19 restrictions. Also, in Scotland where the ratepayer held more than one property, a 100% grant was available on their first property, and a 75% grant was made available from 5 May 2020 on their additional properties (whereas this was 100% on all properties in England) following calls from businesses including in correspondence to Scottish Ministers. Scottish Ministers made the decision to offer a 75% grant 'only' on additional properties, rather than 100%, considering budgeting pressures arising from the amount of consequential funding received from UK Government by the Scottish Government in respect of business support in England. It is not possible to estimate the impact of this differential policy between Scotland and England given the number of different variables at play and which may have affected business behaviour. This extension to additional properties was done in Scotland within the constraints of the funding made available to the Scottish Government and the lesser value of the grant was not popular with businesses with multiple properties. There were calls from Scottish businesses to grant additional properties a 100% grant rather than 75%, and a small number of businesses sought a Judicial Review against the Scottish Government in

relation to the grant on second and additional properties in Scotland being only 75% compared to 100% in England. A Judicial Review was carried out and it was upheld that the Scottish Government's policy was legal.

31. The Phase 1 funds were initially only available to non-domestic ratepayers as this offered the only way that funding could be distributed at scale and speed: the total number of Phase 1 grants awarded represented over a third of all properties that were on the valuation roll as at 1 April 2020, varying from just under a quarter in Aberdeen City and Renfrewshire, to over 45% in East Renfrewshire and East Dunbartonshire. From 08 June 2020, eligibility for the Small Business Grant Fund was extended to property occupiers who were not ratepayers but contributed towards the charges associated with the non-domestic rates liability. The decision to extend in this manner was made following stakeholder feedback including from local authorities via the regular meetings held with Scottish Government officials, highlighting that property occupiers who were not ratepayers but contributed towards the charges associated with the non-domestic rates liability, for instance potentially shared office space users, were not eligible for the Small Business Grant Fund at the onset.

Local authority delivery

32. Local authorities are responsible for collecting and administering non-domestic rates and administered the Covid-19 reliefs including processing applications and issuing reduced rates bills. They also transferred money to beneficiaries of the Phase 1 funds given their existing capacity to do so and close working relationship with the Scottish Government. There was no alternative delivery mechanism that could have delivered support to so many businesses within such a short timeframe.

33. Given the extremely short timescales between the announcement of Covid-19 restrictions by the UK Government, followed by similar announcements by the Scottish Government, the design of the initial support and Phase 1 funds had to be done at speed, and therefore drew heavily on the design of the equivalent support schemes in England. Alternatives were later considered with a specific focus on broadening the scope of support to a wider range of sectors particularly those who

were indirectly impacted by restrictions introduced to control the spread of Covid-19. This led to a number of funds introduced during hence the Phase 2 such as support for taxi and private hire vehicle drivers as well as small accommodation providers amongst others. The approach adopted through the Strategic Framework Business Fund which allocated funding to businesses based on the extent of the restrictions that they were subject to as governed by the tier levels set out in the Strategic Framework was also a significant departure from the approach adopted to the allocation of financial support through the Phase 1 funds. It was known previously that the valuation roll offered the most complete database of businesses in Scotland, and that local authorities could assess eligibility for relief, or grant funds, on a Scotland-wide scale, at speed, and that they could make payments directly to businesses where required. An important factor was also that it was possible to model at speed the estimated cost of the Covid-19 reliefs and Phase 1 funds and compare this to the consequential funding received from the UK Government in respect of business support, and therefore to assess the affordability of these support mechanisms. Local government finance circulars were published on introduction, and for each expansion phase of the Phase 1 funds, for local authorities to consult, and regular meetings were held between Scottish Government officials and local authorities to discuss any issues with the guidance and/or the delivery of the Phase 1 funds. Local authorities did not call on more guidance to be provided in order to deliver support.in relation to the Phase 1 funds.

34. Officials in the Scottish Government Directorate for Local Government and Communities (the Non-Domestic Rates and Local Government Finance Team in the first instance, and a dedicated team thereafter once this had been set up) consulted a representative group of councils during the design of the Phase 1 funds to assess their ability and capacity to deliver support to businesses via these funds. This included representation from the Convention of Scottish Local Authorities (COSLA) and the Institute of Revenues, Rating and Valuation and also provided the opportunity for views on the design of the Phase 1 funds to be raised. The Scottish Government contacted the convention of Scottish Local Authorities and council Directors of Finance from the start of the design of the Phase 1 funds in March 2020. Meetings between Scottish Government officials and local authorities took place daily (even multiple times a day) at the very start of the Covid-19 restrictions, with

the frequency of these meetings decreasing over time as the need decreased (as apparent when fewer issues were raised by local authorities or required to be discussed). By summer 2020, meetings were more likely to take place every week or two weeks. Scottish Government officials circulated and sought views from local authorities on an issues log in between these meetings to support councils. The work of these teams in the Scottish Government comes under the responsibility of the Deputy Director for Local Government and Analytical Services, the Director for Communities and Local Government and DG Communities. Decisions were ultimately made by Scottish Ministers on the basis of advice that was provided to them by officials throughout the process.

35. Local authorities did not raise concerns about delivery and were content to administer the Covid-19 reliefs and Phase 1 funds. They did not raise concern with their capacity to resource this. The Scottish Government further had no data upon which to base its own assessment of councils' capacity to deliver support. However, as previously stated, councils administer non-domestic rates including reliefs so there was precedent for them to administer a relief scheme on a wide scale (over 100,000 properties in Scotland receive relief, excluding Covid-19 reliefs). The local authorities consulted by Scottish Government on the design of the schemes indicated that they were able to deliver the funds. A small number of local authorities chose to participate in these meetings. The Scottish Government cannot confirm whether local authorities elected 'representative' local authorities for these meetings or deferred to those councils with individuals who had the greatest experience in non-domestic rates. Given the perceived emergency that was taking place in 2020, some local authorities also indicated that they were not only able, but content, to take part in ensuring that business was supported through the restrictions. Further, local authorities were already statutorily required to administer non-domestic rates and did not indicate any issue with continuing to carry out their statutory functions by delivering the Covid-19 reliefs as well. Local authorities already had the legal and operational capacity to make payments directly to businesses and did not raise issue with delivering this at speed and on a large scale in the context of the Phase 1 fund. The positive steps taken by the Scottish Government to satisfy itself that local authorities had appropriate resources and skills included regular, close contact with local authorities, direct questioning at the start of the design of the funds over

whether local authorities had the appropriate resources and skills to deliver the support; and an 'open door' policy to be notified of any emergent issues by stakeholders. Councils were formally notified of the Phase 1 funds via a letter, and a Local Government Finance Circular, issued to all council Directors of Finance.

[LM7/014 -INQ000587211], [LM7/015 - INQ000587210], [LM7/016 - INQ000587209], [LM7/017 - INQ000587214], [LM7/018 -INQ000587213], [LM7/019 -INQ000587212], [LM7/020 - INQ000587207], [LM7/021 -INQ000587208], [LM7/022 - INQ000587198], [LM7/023 -INQ000587200], [LM7/024 - INQ000587201], [LM7/025 - INQ000587202], [LM7/026 - INQ000587203], [LM7/027 - INQ000587205], [LM7/028 - INQ000587206], [LM7/029 - INQ000587204], [LM7/030 - INQ000587195] and [LM7/031 - INQ000587199].

36. When retail, hospitality and leisure relief was automatically awarded in 2020-21, councils in many cases did award this relief automatically on the basis of ratepayer information they held. Where eligibility (for retail, hospitality and leisure relief after 2020-21, or for the Phase 1 grants) was based on applications, this was determined by councils on the basis of information provided by businesses. Local authorities could request any data they required from ratepayers or applicants to identify whether or not they were eligible for the Covid-19 reliefs or the Phase 1 funds. Therefore, no prior assessment of quality or reliability of the data was possible.

37. Regular contact between Scottish Government officials and councils including via an issues log maintained by Scottish Government and regular meetings held by the Institute of Revenues, Rating and Valuation, ensured that eligibility for the Covid-19 reliefs and Phase 1 funds was consistently assessed across Scotland. However, there was some minor variation over the speed at which applications were processed subject to local authorities' resource, and some variation amongst councils over which data they requested from business to ascertain eligibility. The maintenance, sharing, and discussions over the issues log produced by Scottish Government and that all local authorities were invited to contribute to and/or consult, enabled local authorities to consider what other local authorities were doing and to seek consistency amongst themselves in their administration of the Phase 1 funds. Local authorities sought consistency in the way they administered support, recognising that the Phase 1 funds were available across Scotland and set out in

Scotland-wide guidance. For example, some used footfall, others turnover data, to identify whether a property was 'retail', and therefore eligible for Retail, Hospitality and Leisure relief and the Retail, Hospitality and Leisure Grant Fund, or 'wholesale', and therefore not eligible. Consistency was encouraged by regular calls, discussions and the maintenance of an issues log between councils which the Scottish Government considered carefully and in detail as points were raised by local authorities, the Convention of Scottish Local Authorities and Scottish Government's Local Government and Analytical Services Division (see below). It ultimately remained for councils to determine eligibility for the Covid-19 reliefs and Phase 1 funds, based respectively on legislation, and Scottish Government guidance, as well as the information they held on businesses.

Scottish Government role

38. The Non-Domestic Rates Team and Local Government Finance Team initialised the design and supported the implementation by local authorities of the Covid-19 reliefs and the Phase 1 funds. From early April 2020, initially two, building to around six, full-time equivalent Scottish Government staff over the course of two months were dedicated to managing the delivery of the Phase 1 funds (with support from the Non-Domestic Rates team where required), and liaised with the Convention of Scottish Local Authorities (COSLA) and local authorities almost daily in the first few months of Covid-19. These calls later became weekly when the need decreased.
39. The issues log set up by Scottish Government (see para 30) recorded and tracked progress on the issues raised by councils and their resolution, including to encourage consistency in the administration of support across councils. Local authorities provided Scottish Government with weekly returns about the number of applications received and grants awarded by council area, up until the closure of the Phase 1 funds to new applicants on 10 July 2020, taking into account the decreasing number of applicants, and the cost of these funds. This was communicated by a Scottish Government press release on 8 June 2020. After that date, returns were collected on or at the following dates: 4 August 2020, 8 September 2020, 8 December 2020, 31 March 2021 and 31 March 2022; and snapshots were published at regular intervals, as councils continued to process the backlog of applications.

40. A timeline of key actions associated with the funds is available here [LM7/022 - INQ000587198], [LM7/030 - INQ000587195], [LM7/032 - INQ000587197] and [LM7/033 - INQ000587196].
41. A good relationship between officials in the Scottish Government Directorate for Local Government and Communities, in COSLA, and in local authorities ensured the effective and timely delivery of Covid-19 business support schemes over time and expansions to these schemes.
42. The Scottish Government considers that engagement and communication with local authorities on the Covid-19 reliefs and Phase 1 funds was sufficient and timely on the basis that councils did not raise any issue with this. It also considers on this basis that it provided sufficient guidance to local authorities on the parameters of the schemes as the schemes and their guidance were updated regularly following feedback from local authorities including via the issues log maintained by Scottish Government, to which all local authorities were invited to contribute. Councils were formally notified of the Phase 1 funds via a letter, and a Local Government Finance Circular, issued to all council Directors of Finance. The Local Government Finance Circular was published on 30 March 2020 [LM7/034 - INQ000182996], [LM7/035 - INQ000182998], [LM7/036 - INQ000587030] and [LM7/037 - INQ000587031].
43. The Scottish Government's Local Government and Analytical Services Division has a close working relationship with counterparts in equivalent teams across England, Wales and Northern Ireland and met on various occasions during Covid-19 to discuss approaches to the design and implementation of the support schemes. It would not be typical for any detail on the internal design, modelling or analysis of impact of support schemes of each nation to be shared with others, and this was not done in this case either.

Challenges

44. The Scottish Government considered that the support schemes were delivered effectively by councils and at speed, to reach a large number of businesses in a short amount of time.

45. There were challenges with retail, hospitality and leisure relief being automatically awarded in 2020-21 as evidenced by some businesses, mainly supermarkets, wishing to refuse the relief but not being able to do so (and choosing to donate the equivalent sum to Scottish Government instead). This was addressed by making this relief application-based in 2021-22, which did not cause issue to Scottish Government's knowledge (based on correspondence to Ministers and feedback from councils) – almost all reliefs are application-based as a matter of course.
46. The Scottish Government does not consider that a lack of data excluded any eligible individuals from accessing Covid-19 reliefs of Phase 1 funds, based on feedback from councils and the lack of this being raised in correspondence to Scottish Ministers.
47. However, it is recognised that by offering support via Covid-19 relief and the Phase 1 funds, support was mostly focused on small non-domestic premises on the one hand and retail, hospitality and leisure premises on the other. Businesses in larger premises but not in the retail, hospitality or leisure sectors (e.g. wholesale warehouses), or businesses which were not operating from a non-domestic property (e.g. sole traders) may only have been able to benefit from the 1.6% universal non-domestic rates relief in 2020-21. However, these businesses may have benefitted from other support (for instance, the UK Government's furlough schemes or the Scottish Government's "Phase 2" grants, which will be covered in the DG Economy statement).
48. The non-domestic rates valuation roll is not linked to business data, such as turnover or number of employees. It was therefore not possible to target support via the Covid-19 reliefs, or Phase 1 funds based on the potential impact of Covid-19 restrictions, as no distinction could be made using valuation roll data between a business that may have been affected by Covid-19 restrictions and one that may not have been affected as much. This manifested in a number of ratepayers, mostly supermarkets, donating the equivalent of the relief they had been automatically awarded in 2020-21, back to the Scottish Government, as there was no mechanism

for relief to be refused once awarded. Support was better targeted when the Reliefs became application-based in 2021-22.

49. Further, the accuracy of the data held by councils on non-domestic property ratepayers had not been tested before the Phase 1 funds were implemented. Once the Small Business Grant Fund went live, it became apparent that some of the data held by local authorities on the ratepayers of non-domestic properties was in many cases not up to date, as a number of businesses sought to update this information in order to be eligible for support. Councils, therefore, in many cases had to carry out additional work to ensure the information they held was accurate to deliver support and it was clear the quality of some data councils held had been overestimated, based on councils' feedback. This exercise significantly improved the quality of data held by councils over time on ratepayers, as well as awareness amongst ratepayers of the importance of notifying the council of any relevant changes pertaining to non-domestic rates billing. Local authorities are responsible for administering non-domestic rates and the quality of the data they hold on individual businesses operating from non-domestic property. They have the power introduced under the Non-Domestic Rates (Scotland) Act 2020 to levy a civil penalty on ratepayers that do not update them when there is a change of use. This followed a recommendation of the independent Barclay Review of Non-Domestic Rates in 2017 to introduce such a power, recognising the low incentive in many cases to do so in the absence of the risk of a civil penalty for failure to do so. The use of this power is at the discretion of the local authority and should local authorities choose to make use of this power, this would likely ensure better data quality in future. This is within the remit of the local authorities.

Guidance on the Covid-19 reliefs and Phase 1 funds

50. Legislation and a Policy Note on the Covid-19 reliefs were published online once laid on 26 March 2020 (for 2020-21 and annually thereafter when Covid-19 relief was in place). Guidance on the Phase 1 funds was published on the Scottish Government website as timeously as possible in the form of Local Government Finance Circulars on 30 March 2020. The Scottish Government also issued news releases providing updates on available support and developed webpages for Covid-19 business

support. Information was also included on the 'Find Business Support' website. Councils also publicised these support schemes on their own individual websites as each council developed its own processes for checking eligibility for properties in their area.

51. Guidance was written in simple terms in order to be easily understood. As set out in the DG Corporate statement previously provided in response to this Rule 9, accessibility was a key consideration of public communications, which led to assistance such as British Sign Language, easy read and audio versions of key Covid-19 guidance. Businesses seeking support did not express and lack of confidence or trust in the way information on the Covid-19 reliefs of Phase 1 funds was made available, based on the lack of correspondence to Scottish Ministers on this particular matter.

52. Councils accepted applications for relief and the Phase 1 funds online or by post.

53. The Phase 1 funds closed to new applicants on 10 July 2020, which was communicated by a Scottish Government press release on 8 June 2020. While councils would have made this information available on their websites as well, we are aware that some businesses may have missed this deadline, for instance because of the Covid-19 restrictions, and therefore not benefitted from the Phase 1 funds. Businesses applying after the deadline for the Phase 1 funds were not able to receive the Phase 1 funds.

Data reporting

54. Scottish Government published workbooks showing the weekly numbers of applications received and grants awarded by council area, up until 14 July 2020 following the closure of the fund to new applicants on 10 July 2020. After that, snapshots were published at regular intervals on an ad hoc basis, as councils continued to process the backlog of applications. There was no mechanism for real-time analysis beyond weekly numbers of applications as councils required to process applications and award grants, and daily data collection would have been resource intensive. The frequency of data collection did not cause issue.

55. The use of valuation roll data as the foundation of local authority-delivered business support reduced the scope for fraud on the basis that detail for most businesses who applied for funding was available to or could be obtained by the local authority to which they were applying. Local authorities, as the bodies responsible for the administration of non-domestic rates reliefs and the award of Phase 1 funds, maintained a log that identified suspected or confirmed instances of fraud associated with applications to Covid-19 business support funding schemes. This log was populated by local authorities, shared amongst them and was used by them to help identify claims that were potentially fraudulent. It also alerted local authorities to approaches being used by fraudsters to access Covid-19 grants.

56. Some awards of the Phase 1 funds were later recovered (though published statistics presented all awards made prior to any recoveries). Councils received 107,800 applications for the Phase 1 funds. A total of 91,500 awards were made totalling £1,022 million – this represents all awards made prior to any recoveries. By the end of March 2022, 147 grants worth just over £1.6m had been recovered following fraudulent claims, and a further 153, worth just under £1.7m, were in the process of being recovered at that time, representing just 0.2% of all awards made.

Impact assessment and vulnerable groups

57. The aim of the Covid-19 reliefs, and Phase 1 funds, was to provide financial support across to the occupiers of small non-domestic premises and those used for retail, hospitality, leisure purposes (and specified airports in 2020-21 and 2021-22) across Scotland. The valuation roll does not contain data on the characteristics of ratepayers, and it was therefore not possible to consider the impact, or otherwise, on socially and economically vulnerable groups. The Covid-19 reliefs and Phase 1 funds were intended to, and did provide, support to eligible businesses across Scotland based on the use of the property and/or its rateable value. Their aim was not specifically to support social and economically vulnerable groups which other forms of support during the Covid-19 pandemic may have subsequently targeted. Though there are numerous datasets containing data on socially and economically vulnerable groups in Scotland such as the Scottish Index of Multiple Deprivation, these cover geographic areas, not individual business properties. There is also no

clear link between such indicators and individual business operators who may not reside in the area their business is located in. It would therefore have required extensive and bespoke research to attempt to model a correlation between the potential impact of a non-domestic rates relief or Phase 1 grant fund and the characteristics of socially and economically vulnerable groups. Notwithstanding these data limitations, Equality Impact Assessments did play an important role in assisting the Scottish Government to comply with its Public Sector Equality Duty – see the Equalities section below.

58. As there was no access to the individual economic characteristics of business over time beyond the data available on the valuation roll or that local authorities held (e.g. the non-domestic rates liability of the property) to ascertain eligibility for support e.g. on the use of a property, support could not be targeted via the non-domestic rates system on these characteristics.

Local Government Fiscal Framework

59. Information on the annual Local Government Settlement, including proposed levels of Scottish Government Grants; forecasts of Non-Domestic Rates revenues and assumptions around council tax, are routinely published in the annual Scottish Budget document and subsequently given effect in the annual Local Government Finance (Scotland) Order following the conclusion of the annual Budget (Scotland) Bill process.

60. The aggregate funding available to local government is distributed between the 32 local authorities on the basis of a needs-based distribution formula agreed with COSLA on behalf of local authorities. Funding allocations, along with other pertinent information relating to local authority finances, are routinely published in the relevant Local Government Finance Circulars. The Local government finance circular '10/2024', published on 12 December 2024, includes the provisional financial allocations for financial year 2025-26.

61. Where additional financial support is made available to local authorities, irrespective of whether that is outwith, or in response to, a whole system civil emergency, the

support is administered through the formal financial governance process including the joint Scottish Government and COSLA Settlement and Distribution Group.

62. Local Government Finance considerations within Scottish Government are subject to the same structures and processes as all other elements of Scottish Government finance in terms of assurance, accountability and probity.
63. The formal financial governance process for Local Government includes the Settlement and Distribution Group that is jointly chaired by Scottish Government and COSLA and under normal circumstances would meet between six and eight times each year. The Settlement and Distribution Group is jointly chaired by the Head of Local Government Finance at Scottish Government and the Chief Officer for Local Government Finance at COSLA. At the time of the pandemic, the Head of Local Government Finance reported to the Deputy Director for Local Government and Analytical Services and the Director for Local Government and Communities. The Chief Officer reported to the Director of Membership and Resources and Chief Executive at COSLA.
64. The group also includes representation from Chartered Institute of Public Finance and Accountancy Directors of Finance (as section 95 officers under the Local Government (Scotland) Act 1973), with members selected by COSLA to represent the different types of local authorities.
65. Papers are submitted to the Settlement and Distribution Group by the relevant policy area or portfolio. The Group is invited to make professional and principled based recommendations on all additional financial burdens for local government and other technical elements of distribution. Funding decisions are then considered by COSLA leaders.
66. Whilst the underlying structures and processes remained the same throughout the course of the pandemic, the prevalence and intensity of work increased significantly. In 2019-20 (pre-covid), 63 Settlement and Distribution Group papers were discussed through the formal financial governance process. In 2020-21, this increased to 83 (an increase of 38%) and in 2021-22 there were a further 112 papers (a further

increase of almost 29%). Overall, the number of papers discussed through the formal financial governance process increased by 56% from pre-Covid-19 levels.

67. Whilst there was no formal aggregate assessment of the financial resilience of local government to meet the economic challenges of the pandemic, bilateral discussions with individual policy areas frequently identified areas of financial and economic challenges. As a result, significant additional resources were made available to local authorities as outlined in Circulars 12/2020, 5/2021 and 1/2022. This additional funding, totalling around £1.5 billion, was provided for specific joint policy priorities as well as general funding for local services.
68. Formal concerns around funding are routinely raised through the formal financial governance process, as described earlier in this statement. There is a standing item on the Settlement and Distribution Group agenda for cash flow where local authorities raise any issues regarding cashflow. Local Authority finances are complex and concerns over cashflow or funding rarely result from isolated issues rather reflect a multitude of factors linked to revenues and expenditure. Reflecting the diversity within local authorities, the impact of those factors will also differ across the country.
69. Under normal circumstance, Scottish Government meet with COSLA officials and individual local authorities on a regular basis and, within the funding limits allowed under the relevant Local Government Finance (Scotland) Order, routinely reprofile weekly General Revenue Grant payments on request from individual councils and/or COSLA. The reasons for any requests to reprofile payments are a matter for the individual local authority in accordance with their own treasury management strategies and those reasons are not recorded by Scottish Government. Treasury management activities are strictly regulated by statutory requirements and professional codes of practice such as CIPFA's Treasury Management in the Public Services Code of Practice and the CIPFA Prudential Code.
70. During the pandemic, the Scottish Government reprofiled weekly General Revenue Grant payments a number of times to reflect both the significant additional funding that was added in-year through the formal financial governance process and also

any funding concerns raised by individual local authorities. As noted above, the reasons behind reprofiling are complex and heterogeneous and those reasons are not routinely recorded.

71. Details of additional funding provided to local authorities during the pandemic can be found in the following local government finance circulars - Annex C Circular 12/2020, Annex G Circular 5/2021 and Annex G Circular 1/2022.
72. As outlined in the Local Government Finance Circulars above, an additional £1,253.503 million was made available in 2020-21 and £255.917 million in 2021-22. The funding provided covers a number of joint priorities such as additional funding for the Scottish Welfare Fund, additional support for the Council Tax Reduction Scheme, home learning support, additional support for teachers and education recovery, funding for lost income and additional funding to allow local authorities to allocate resources based on local needs and priorities. These figures related solely to additional funding allocated specifically for the purposes of Covid-19 and exclude any underlying increases in the Local Government Settlement.

Equalities

73. The Public Sector Equality Duty requires each Scottish Government Director to consider the impacts of their policies on protected characteristics. Each Directorate is required to have regard to the needs of different people and groups in their policy making. This allows for differentiation and meeting the specific needs of diverse people and communities. Scottish Government has implemented a process of assessing the impacts on groups with protected characteristics which could result from significant changes to policies. This takes the form of conducting an Equalities Impact Assessment (EQIA) to consider each group and how they may be affected, categorising these assessments and detailing any mitigations put in place to offset the potential impacts. Guidance is offered to policy teams on how they should proceed with developing their EQIA based on their individual policy requirements.
74. Equality Impact Assessments played an important role in assisting the Scottish Government to comply with its Public Sector Equality Duty. Scottish Government

completed an Equality Impact Assessment (EQIA) on the Strategic Framework which was used as an overarching EQIA for all business support grants given the pace at which we provided emergency support funding to businesses. While these EQIAs were published retrospectively officials assessed the impact of these funds across all demographics during policy development.

75. Individual EQIAs were completed retrospectively because given the severe economic impact of the necessary public health measures in place throughout the pandemic, the Scottish Government's priority was to ensure emergency payments reached businesses as quickly as possible, support sectors most impacted by restrictions, and protect jobs.
76. The provision of business support was ongoing throughout the pandemic with funding delivered at different phases throughout this period of time. New funds had to be designed and put in place very quickly, while existing funds had to be extended and re-distributed, in response to the ongoing spread of Covid, increased infection rates and the need for new or changing restrictions across Scotland. The immense pressure to do everything at speed was constant throughout this period. This meant there was no opportunity to complete sector specific EQIAs in real time.
77. However, during policy development, officials were aware of the need to assess the impact of funds across all demographics, and this was key element in the design of business support schemes. As mentioned above this work was informed by the Equality Impact Assessment (EQIA) on the Strategic Framework which was used as an overarching EQIA for all business support grants given the pace at which Scottish Government provided emergency support funding to businesses.
78. Consideration of socially and economically vulnerable groups is evident in the design of business support funds. For instance, the Furlough Support Grant was designed to support employees within the businesses subject to the closure requirement by helping to prevent against business closures and job losses. These businesses were primarily within the hospitality sector which employs a disproportionately high number of people from among groups with protected characteristics particularly young people, women and minority ethnic groups. These groups are also more likely

to be socio-economically disadvantaged and less likely to have income reserves for unexpected events. More detail on individual grant scheme equality impact assessments is provided separately [LM7/038 - INQ000215482].

79. Research, analysis and reporting on Covid-19 disparities was undertaken by the Communities Analysis Division.

80. This material was provided to Ministers in a number of ways. Slide packs were regularly presented to the Communities and Public Services Ministerial Group, a group chaired by the Deputy First Minister, John Swinney comprising all ministers with broadly social policy portfolios and relevant senior officials. An example of these slide packs is provided [LM7/053 – INQ000606535]. The Chief Social Policy Advisor, Chief Social Researcher, Chief Scientific Advisor, DG Exchequer and communications officials were also attendees at this group. This material was discussed by the group in the context of Harm 3 (Societal Harm). The agenda, minutes and meeting papers for this Group have been provided to the Inquiry as general disclosure with this statement.

81. Equalities analysis also formed part of the regular briefings provided to Cabinet. Cabinet papers have previously been provided to the Inquiry.

82. The ‘four harms’ were an ongoing consideration. The concept of the ‘four harms’ was that the pandemic, and measures in response to it, could cause harm in four areas, as follows:

- direct Covid-19 health harms: primarily, the mortality and morbidity associated with contracting the disease;
- broader health harms: primarily, the impact on the effective operation of the NHS and social care services associated with large numbers of patients with Covid-19, and its knock-on effects on the treatment of illness;
- social harms: the harms to wider society, in terms (for example) of education attainment as a result of school closures;
- economic harms: for example through the closure of businesses.

83. The Framework for Decision Making, published on 23 April 2020, outlined the principles that would guide decision making. This was followed by the Strategic Framework, published on 23 October 2020, which set out how the Scottish Government intended to respond to the crisis. The requirement to consider the broader equality impacts and the impact on individual rights, for example, for specific geographies and sectors, was at the forefront of these frameworks and therefore embedded in the design of business support funds.
84. It was within this context that decisions about whether to introduce or change Covid-19 restrictions were made. Where an impact on particular businesses or sector was identified, the provision of financial support was a means to mitigate or partially mitigate that impact. For example, Scottish Government designed a range of bespoke grants for SMEs vulnerable to the impact of Covid-19 restrictions to ensure that businesses, large and small, had access to vital lifeline support. This resulted in the launch of additional bespoke grants which have supported over 4,000 businesses and 5,603 self-employed who were facing hardship but ineligible for UK support.
85. Many of those businesses and sectors who were vulnerable to the impact of Covid-19 restrictions were easily identifiable on the basis that they were directly impacted by restrictions introduced in order to control the spread of Covid-19. The most obvious example of this is hospitality, leisure and retail premise such as restaurants, shops and gyms who were required to either close or who were subject to significant restrictions on their operations from March to June 2020 and September 2020 to April 2021 and even longer in the case of certain sectors such as nightclubs and soft play. This was also the case with sectors such as the wedding industry who were directly impacted by restrictions on the size of gatherings as well as hotels, B&Bs and self-catering accommodation whose businesses were directly impacted by travel restrictions which prohibited individuals from travelling to take up bookings. The same was also true of coach companies, tour operators and travel agents amongst others. It was self-evident that these businesses were financially vulnerable to the ongoing impact of Covid-19 restrictions, although these sectors also came forward to advise Scottish Government of the challenges that they were experiencing as a result of the restrictions in place.

86. There were other sectors, however, that were financially vulnerable as a result of the secondary impacts of Covid-19 restrictions. A good example of this was the taxi and private hire vehicle sector who were affected by the closure of the nighttime economy which meant that demand for taxis and private hire vehicles dropped sharply. The same was true of businesses in the supply chain of the hospitality sector such as brewers as well as food and drink wholesalers who were unable to sell their goods, which were often perishable, into restaurants, pubs and bars and were therefore experiencing significant financial challenges as an indirect result of Covid-19 restrictions. In most cases, bodies representing these organisations came to us directly or through organisations like the Federation of Small Businesses or the Scottish Chambers of Commerce to make us aware of the impact of restrictions on their ongoing financial viability. As a result of this the Scottish Government worked with these sectors in order to identify opportunities to mitigate the impact of restrictions on them which in most cases meant direct financial support. This is set out in more detail in the DG Economy statement provided in response to this Rule 9 notice.

87. A Covid-19 'Impact on Equality' research report was published by Scottish Government on 17 September 2020. The report draws on multiple evidence sources, including official statistics from Scottish Government, UK Office of National Statistics data, census data, literature and academic research. It sets out that particular groups – socioeconomically disadvantaged, children and younger people, older people, disabled people, people of ethnic minorities and lone parents – may face challenges [LM7/040 - INQ000182793].

88. The paper emphasises that many of these groups overlap, for example women, disabled people and those of many minority ethnicities are all more likely to be low earners; there are more older women than men; minority ethnic people are younger than the white population on average; and the vast majority of lone parents are women.

89. As set out in the Module 2A DG Health and Social Care corporate statement, provided to the Inquiry on 23 June 2023, Ministers received detailed regular analysis on Covid-19 and its impact across a range of policy interests. The Covid-19

Modelling and Analysis Hub was established in March 2020 and in January 2021 the Hub evolved to become the Covid-19 Analysis Division. The Covid-19 Hub and subsequent Division was established as a corporate function. This was by deliberate design to enable the division to respond to the convergence of the pandemic with a range of public health, social policy and economic risks [LM7/041 - INQ000215488].

90. Scottish Ministers were well aware of the importance of ensuring socially and economically vulnerable groups were identified and supported through the pandemic. In the year to March 2021 the Scottish Government had more than 1,270 ministerial engagements with business, including virtual conferences, roundtables and calls. Engagement with local and business leaders included regular communication with COSLA/local authorities, as well as Confederation of Business Industry, Federation of Small Businesses, Scottish Chambers of Commerce and Scottish Retail Consortium. This enabled ongoing monitoring of the impact of the schemes and provided an opportunity to listen to stakeholder views, test ideas, share information about progress and discuss and address any specific issues identified by sectors and individual businesses.
91. In addition, there was continued engagement with stakeholder groups representing the interests of protected characteristic groups, including, for example, Disabled People's Organisations and the Older People's Strategic Action Forum – who could be more economically vulnerable. These were important means of getting feedback from people with lived experience that could then inform changes of approach. Given the pace of decision-making and the limited resources available, this was a more pragmatic approach than trying to develop and implement a new set of metrics to monitor.
92. Equality, Inclusion and Human Rights Directorate (EIHRD) was able to advise on and influence collaborative decision-making, utilising the feedback from the stakeholder meetings, through the Communities and Public Services Ministerial Group in particular, which then linked into the Four Harms Group. It was for the Four Harms Group to formulate advice based on an overall assessment of the appropriateness of policies taking into account all four harms, not just Harm 3 (social harm) on which EIHRD was providing advice.

93. From April 2020, EIHRD officials attended the Communities and Public Services Ministerial Group meetings led by the Deputy First Minister and attended by all education, communities and justice ministers, along with Directors-General and Directors from those areas. In addition, the Chief Social Policy Advisor, Chief Social Researcher, Chief Scientific Advisor, Director-General Exchequer and communications officials were also invited.
94. Grant funding was a key component in supporting socially and economically vulnerable groups and attempting to address disparities. The Immediate Priorities fund was launched in March 2020, and awarded funding from a £350 million communities' fund. This funding was awarded in response to applications from partner organisations, enabling applicants to support people with vital resources. One example was a grant of £29,937 to DeafBlind Scotland to produce information in Braille, Moon, XXL print, BSL videos or audio CDs; to increase access to advocacy and advice staff to help people understand what support is available to access grants and support; and to increase home visits for Deafblind people who don't have self-directed support. Other organisations supported included homelessness charities, faith groups, groups for older people and regional food delivery schemes. By June 2020, grants totalling nearly £12 million had been made to 110 projects.
95. The Equality and Human Rights Fund was launched in 2021 to support projects that work to promote equality and tackling discrimination. Whilst this was not a dedicated fund to mitigate against Covid-19 impacts, many of the 48 organisations funded in the first year identified addressing impacts of Covid-19 as parts of their work. It should also be recognised that before the pandemic hit, there was already an inequality crisis across many domains such as income, wealth, living standards, labour market participation, health, education and life chances, defined as the chances of achieving positive outcomes and avoiding negative outcomes throughout the course of your life. Evidence suggests that Covid-19 exacerbated many of these pre-existing inequalities and exposed the vulnerability of some population groups to adverse shocks [LM7/049 - INQ000131030, LM7/050 - INQ000182794, LM7/051 – INQ000080285 and LM7/052 - INQ000606531]. The work of the organisations receiving this funding to address inequalities and therefore help at-risk groups

recover from Covid-19 impacts and be better prepared for future crises [LM7/042 - INQ000587040].

96. The Delivering Equally Safe Fund was also launched in 2021 to provide funding to projects supporting women and girls. This was launched as part of the Scottish Government's 'Equally Safe' strategy to prevent and eradicate violence against women and girls. Similarly to the Equality and Human Rights Fund, this was not in direct to Covid-19 but provided support to more than 120 organisations supporting vulnerable women, children and young people whose personal circumstances may have been impacted by Covid-19 [LM7/043 - INQ000587041].

97. There have been two reports which set out how Covid-19 impacted on victims of gender-based violence. These reports supported efforts by some organisations, including specialist Violence against Women and Girls organisations, to resource outreach services that delivered food and fuel vouchers, food parcels, toiletries, essentials for children, and other financial assistance to victims. [LM7/044 - INQ000587042] and [LM7/045 - INQ000587043].

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.

PD

Signed: _____

Dated: 22 May 2025