

Witness Name: Mark Drakeford

Statement No: 1 in M9

Exhibits: 44

Dated: 4th September 2025

UK COVID-19 INQUIRY

WITNESS STATEMENT OF THE RIGHT HONOURABLE MARK DRAKEFORD M.S.

I, Mark Drakeford, will say as follows:

I provide this statement in response to a request under Rule 9 of the Inquiry Rules 2006, dated 28 May 2025, and amended on 3 June 2025, and referenced M9/R9R/MD01. The request relates to the period between 1 January 2020 and 28 June 2022, which I will refer to as 'the specified period'.

Introduction

1. As First Minister, I was not directly involved in the day-to-day design, implementation or operation of the Welsh Government schemes set up to support the Welsh economy during the pandemic. However, in accordance with the Welsh Government's overarching approach to collective decision-making, information sharing and working in partnership with our key stakeholders, I was, throughout the pandemic, involved in continuous discussions with my Ministerial team and with our social partners, on the options available to us in the development and implementation of our economic response. In my Module 2B statement (**INQ000371209**), I provided the Inquiry with detailed evidence about the structures and ways of working that supported this approach to decision-making. I will not repeat that evidence in full here but have summarised the keys aspects below and confirm that this approach supported our economic response decision-making in the same way as it supported all other aspects of our pandemic response decision-making.
2. I had no direct role in the formulation, implementation and operation of the schemes established by the UK Government to support the economy, but, to the extent that information was made available to my Ministerial team, this would have been regularly

shared with me, and my views sought through the structures and fora referred to below. Where I had direct engagement with the UK Government on specific aspects of the economic response, my observations have been provided later in this statement.

A. Overview of Roles and Relationships

3. I was the First Minister of Wales during the specified period. I served in that office between 13 December 2018 and 20 March 2024.
4. As First Minister, my direct involvement in the economic response stemmed from my continuous participation in, and contributions to, the overarching response structures that I put in place to assess the risks and formulate policy interventions (with contributions from partners outside the Welsh Government), to mitigate the impacts of the pandemic. Day-to-day policy formulation and implementation work in this area was led by the Minister for Economy and Transport, but as stated in my Module 2B witness statement, I was anxious to find a way of ensuring that all major decisions were made collectively involving as many of my Ministerial colleagues as practicable. It mattered a great deal to me that when we made different and difficult decisions, not a single Minister felt that they had not had every opportunity to test arguments or voice concerns about conclusions arrived at. It meant that decisions (including major decisions in relation to economic interventions), were subject to the greatest possible scrutiny and that conversations that started with a variety of views, coalesced towards a gradual coherent conclusion that everyone was comfortable in supporting.
5. Cabinet was the principal forum for formalising such conclusions, but that forum represented the culmination of a process involving prior discussion and consultation that informed the options that were presented to Cabinet. Cabinet also received periodic briefing and economic updates from the Welsh Government's Chief Economist to inform its deliberations. I exhibit, by way of example, the minutes of the Cabinet meeting of 28 September 2020 at **MD/01-INQ000048928**.
6. Alongside Cabinet, the following groups played an important role in informing the decisions that were taken:
 - a) In March 2020, I asked for the Star Chamber to be established. Its purpose was to oversee and co-ordinate the overall fiscal response to the pandemic. I exhibit

a copy of the Star Chamber's Terms of Reference which includes information about its structure at **MD/02-INQ000066177**.

- b) In March 2020, I set up the Covid-19 Core Group which met weekly from 2 March 2020 until 14 September 2020. Alongside me, this group consisted of Ministers involved in the pandemic response and relevant officials. Membership was later extended to the leader of the Welsh Local Government Association and the two Leaders of the Opposition. Although its ambit was broader than purely sharing information on the economic response to the pandemic, the group received regular economic updates. By way of an example, I exhibit the Minutes/Agenda of the meeting on 15 April 2020 at **MD/03-INQ000336472** when Chief Economist Jonathan Price updated the group.

- c) From early April 2020, I held regular daily morning calls at 09:00 with all Ministers. This was to ensure the whole Ministerial team continued to operate together, sharing information and contributing to the process of decision-making. I exhibit an example of the note of the Ministerial call on 26 June 2020, where the economic response was discussed, at **MD/04-INQ000361607**. I was also holding three meetings a week with small groups of Labour members of the Senedd who would brief me on the situation in their respective constituencies, including economic and business impacts. Alongside these meetings, I also held weekly meetings with opposition party leaders where I was able to brief them on the developing picture with regard to the disease and the government's proposed response. These were also opportunities for opposition party leaders to raise issues relating to pandemic impacts on businesses.

- d) The Shadow Social Partnership Council had been established as an advisory and consultative forum on "fair work" before the crisis, however when Covid-19 struck I expanded its membership and reorientated its remit to support and inform the Welsh Government's pandemic response. Membership consisted of approximately 25 senior representatives from across devolved public services, the private sector (with representative from the Confederation of British Industry (Wales), and the Federation of Small Businesses) and trade unions. I chaired Shadow Social Partnership Council meetings with other Ministers attending as necessary according to the agenda. Meetings were initially held

fortnightly but then moved to being three weekly in line with the Welsh Governments 21-day review cycle for imposition and easing of restrictions. The Shadow Social Partnership Council brought together a wide group of social partners whose daily lives (and the lives of those who they represented), were affected by the decisions we were making and who were able to contribute views on how finely balanced decisions should be calibrated. Our partners were able to hear directly from me as First Minister, the Chief Medical Officer, the Chief Scientific Officer and the Chief Executive of the Welsh NHS. Partners were in a position to know what we knew and to access that information at the same time in a consistent manner. Accordingly, the advice of partners to us, about their respective sectors, was as well informed as it could have been in the context of the disease. I exhibit at **MD/05-INQ000625224** the Shadow Social Partnership Council Terms of Reference and by way of example, minutes of the Shadow Social Partnership Council meeting on 8 October 2020 and 14 July 2021 where the Economic Resilience Fund was discussed at **MD/06-INQ000314511** and **MD/07-INQ000321216**.

- e) The Shadow Social Partnership Council was the key forum in which meetings with business leaders took place, but contact was not limited to it. I met at regular intervals for example with the Tourism Covid 19 Group (later called the Tourism Task Force). By way of further example, I exhibit my letter of the 28 April 2020 to the Director of the Confederation of British Industry (Wales) acknowledging his engagement and contribution to development of aspects of our economic response at **MD/08-INQ000625227**.

7. In addition to the above mentioned groups and following publication of 'Leading Wales out of the Coronavirus pandemic; a framework for recovery' in April 2020, the Welsh Government developed a decision-making process which formed the basis of the 21-day review managed by the Covid 19 Project Team as set out in exhibit **MD/09-INQ000066074**, dated April 2020.
8. The review process provided that the easing of restriction was to be based on broader Welsh Government policy, wider legislative requirements, best practice from the World Health Organization (WHO), SAGE advice and advice from the Chief Medical Officer, along with advice from the Chief Scientific Advisor for Health. This included consideration of the different harms caused by the pandemic, including the indirect harm from long-term social and economic impacts, as set out in the framework for recovery document.

Ministerial advice for the 21 day reviews would include the priority areas for consideration. By way of example, exhibit **MD/10-INQ000048979** is the Ministerial Advice of 6 May 2020 which includes a recommendation for Ministers to agree to support an increase of economic activity in areas already allowed to open (but not choosing to do so) and further work to test the viability of allowing some currently closed economic activity outdoors to resume, while retaining physical distancing.

9. The Shadow Social Partnership Council, referred to above, became an invaluable part of the consultative processes of the 21-day Review. It was a vital conduit through which the views of partners would feed directly into Ministerial advice, helping to shape Cabinet papers and discussions, and informing final Ministerial advice. I have no doubt that the Shadow Social Partnership Council influenced the economic response in drawing attention to the significance of major events. They were also influential in explaining the influence of economic cycles in particular industries. For example, they could explain that the tourism sector makes income in April – October, then spends money and reinvests in October – March, to be recuperated again in the Summer. The pandemic began in March, so the industry had spent its money already. The Shadow Social Partnership Council was able to explain this and influence in this way.
10. The other area it was influential in was in the timing of very difficult decisions. The closure of Winter Wonderlands for example – for two years out of three – and the run up to Christmas was very difficult. Lots of places had opened for Christmas and then they suddenly needed to close. The Shadow Social Partnership Council was influential in advising about the practicalities - things like stock, the amount of notice needed to be given etc.
11. Lastly, it helped to draw to the surface gaps in help for businesses. Some businesses just fell through the cracks for certain schemes e.g. freelancers – and so we set up a scheme for them.
12. I had a close and professional working relationship with Ken Skates (as Minister for Economy, Transport and North Wales), Julie James (as Minister for Housing and Local Government and later Minister for Transport in Wales), Vaughan Gething (as Minister for the Economy (from May 2021)) and Rebecca Evans (Minister for Finance). As stated previously, core decisions relating to the broad economic response were discussed and decided in Cabinet meetings. I had frequent contact with all these Ministers in an official capacity through Cabinet, as well as through our private office arrangements. I had full

trust in each of these Ministers competently to discharge the responsibilities within their respective portfolios. I had known these Ministers for a long time before the pandemic. I therefore had confidence that where matters relating to the economic response required wider consideration, it would be raised with me or in the relevant forum.

13. The above examples of collective contributions to, and ownership of, decision-making, informed and supported by regular and meaningful engagement with key partners, enabled me, as First Minister, to participate fully in discussions concerning the calibration of our economic response and also enabled me and my wider ministerial team to be as well informed as we could be in seeking to strike the right balance between the protection of lives and the protection of livelihoods. Although not directly involved in the day-to-day design and operational detail, I was fully involved in contributing to the development of policies that gave rise to that work. I cannot see how these relationships might be improved, as I felt that they were very effective.

14. There were two formal forums for UK and devolved government engagement in relation to the economic response. These were COBR and the Economic Ministerial Implementation Group which was established at the COBR meeting of 16 March 2020. Neither forum was overly effective as the terms of engagement were unclear. For instance, COBR meetings were initiated by the UK Government which also decided if and when the devolved governments should attend. Additionally, there was no predictable rhythm or schedule for COBR meetings (including agenda items) and accordingly they did not provide a reliable and consistent forum in which economic issues could be discussed. As for the Economic Ministerial Implementation Group, it was unclear how its structure, as set out in exhibit **MD/11-INQ000087163**, provided for engagement with the devolved governments. Although the formal meetings for intergovernmental engagement were effective for information-sharing, most often of a post hoc nature, the lack of clarity about their regularity and whether devolved governments would, in fact, be invited made them less useful than they might otherwise have been. Welsh Government Ministers attended the Economic Ministerial Implementation Group meetings on six occasions before they ended on 14 May 2020. I am not able to confirm how many meetings were held in total or how many meetings Welsh Government Ministers were not invited to, the UK Government would hold this information as the organisers of those meetings.

15. I had formal, but limited, contact with Ministers and Senior Civil Servants from HM Treasury and the then Department for Business, Energy and Industrial Strategy. Contact was

usually in official meetings, primarily COBR, but it was sporadic. For example, COBR did not meet between 10 May 2020 and 22 September 2020.

16. Information-sharing and unified decision-making were hard to achieve without regular and reliable contact with the UK Government. That could have been solved by more regular, structured and meaningful engagement which I sought on a number of occasions during the pandemic, for example in the COBR meeting of 10 May 2020. Minutes of this meeting are exhibited at **MD/12-INQ000216537**.
17. There were informal, but frequent, calls between the Chancellor of the Duchy of Lancaster and the First Ministers of Wales, Scotland and Northern Ireland, and the Deputy Minister for Northern Ireland. These calls were an informal means of intergovernmental communications and information-sharing on a range of matters including the economic response. On the whole, I considered them to be effective in serving these purposes. For example, during the call on 5 August 2020, the First Minister of Scotland was able to raise a point about the financial support for businesses that had to close after the furlough scheme ended. I exhibit a note of that call at **MD/13-INQ000216544**.
18. It has been put to me that some confusion may have existed in Whitehall concerning the respective roles of the Welsh Government and the Secretary of State for Wales. Twenty years after devolution, no such confusion ought to have existed, and I am unaware of any such confusion. Any confusion that may have existed within Whitehall did not, to my knowledge, materially affect the work of the Welsh Government in relation to its economic response.
19. At paragraph 214 of my Module 2B statement, (**INQ000371209**), I said that "*it is important to understand that Whitehall, in my experience, is disinclined to share information with the devolved governments and that was particularly true of [HM] Treasury.*" The Inquiry has asked me to elaborate upon and explain this statement. Comments that I make below in paragraphs 50-56, provide a practical illustration of the point that I was making in that earlier statement. I would also add that the perspective that I provided was not a unique one. The operation of Whitehall and HM Treasury in relation to these issues have been the subject of much expert commentary over the years and I am particularly reminded of the analysis provided by the eminent historian Lord Peter Hennessy in his book "Whitehall" which echoed my own experience.

20. In my experience, Whitehall and HM Treasury did not share information (whether that was advice, proposals, or changes to information-sharing structures) in a timely fashion, or at all. As stated, my perspective was not a unique one, but it was brought to the fore by the pandemic. An institutional disinclination to share information was reflected in the unreliable and irregular nature of meetings or arrangements for information-sharing and the lack of notice of meetings or to consider advice and proposals.
21. Working with Nicola Sturgeon and Arlene Foster was always constructive. Our main interactions were at COBR and on the informal calls with the Chancellor of the Duchy of Lancaster.
22. I had a good working relationship with the Welsh Local Government Association, the individual local government leaders, and other relevant organisations and individuals such as opposition leaders. I ensured that these groups and individuals were engaged and consulted with in response to the pandemic. For example, Councillor Andrew Morgan (the leader of the Welsh Local Government Association) and the two Leaders of the Senedd Opposition parties were invited to the Covid-19 Core Group so that information might be shared with them. There were also regular meetings with Welsh local government leaders which were an effective form of engagement in order to understand local issues in responding to the pandemic. These were the primary modes of formal contact between these groups.
23. Altogether, the formal and informal modes of communication and engagement across these two groups was, in my view, effective. These relationships allowed us to rely on local authorities to put Welsh Government decisions, such as providing financial help to businesses, into practice. This helped to strengthen the economic response to the pandemic by allowing relief to be administered faster and in a targeted fashion. It also had the significant advantage of keeping the Welsh Government alive to any locally specific issues. As stated above, I considered these relationships to be effective and there are no obvious ways in which they could be improved.
24. As for external bodies with a significant interest in the economic response, as stated above, I had direct engagement with representatives of the Confederation of British Industry (Wales), the Federation of Small Businesses and the Institute of Directors. Furthermore, given the importance of the tourism sector to the Welsh economy, periodically, I also attended meetings of the Tourism Covid-19 Group (later known as the Tourism Taskforce) to answer questions and explain the difficult decisions that we were

having to take which were having a very significant impact on the businesses that the Group represented.

B. Funding and Fiscal Framework

25. As the former Cabinet Secretary for Finance and Local Government (a role which I held from 19 May 2016 until 13 December 2016), I was involved in negotiating the funding framework for Wales in 2016 which remains in place. It was not designed for an economic crisis such as a pandemic. That was a deliberate decision because the framework was only intended to deal with financial matters in normal business operating scenarios.

26. Furthermore, there were no mechanisms to allow the funding regime to operate in an emergency like a pandemic. That is because the nature and scale of any such emergency would entail a great number of variables. Therefore, it would not be possible to plan, in the abstract, for emergencies like a pandemic as the nature of the economic support required in response would always be different.

27. The nature of the fiscal framework that exists between the Welsh Government and the UK Government meant that the power to provide funding for an economic response to an emergency lies with the UK Government. It was only HM Treasury that could mobilise a large amount of additional funding, including re-allocating existing funding, to create national support schemes. For that reason, the Welsh Government was required to place a high degree of reliance on response decision-making by HM Treasury.

28. In February and March 2020, the nature and extent of the support that the UK Government would provide was unclear. Accordingly, the level of funding that would be made available for Wales (whether under the Barnett formula or otherwise), was unknown. Without that basic information, it was difficult for the Welsh Government to prepare its economic response to the pandemic. I exhibit a copy of the Minutes of the Cabinet Meeting of 16 March 2020 at **MD/14-INQ000048797**, where the issues affecting preparation of the economic response were discussed.

29. The absence of certainty and clarity about the nature and extent of the financial support that the UK Government would provide to the Welsh Government was a continuing issue during the pandemic. That absence limited the Welsh Government's ability to formulate and maintain its economic response because it could not plan its support to any significant

degree until the UK Government had announced its intended support (either at a UK or England-only level) and, crucially, the level of consequential funding for Wales. The Barnett Guarantee, discussed below at paragraph 31b, helped because this provided the Welsh Government with some (but by no means total) certainty about the funding it would receive. However, the Barnett Guarantee did not completely remove the uncertainty.

30. During the pandemic, funding concerns would have been raised by the Minister for Finance and Trefnydd, the Minister for Economy and Transport, or civil servants working in the Welsh Treasury.

31. The Inquiry has asked me about paragraph 157 of my Module 2B statement, **(INQ000371209)**, I stated that in May 2020, “[t]here was a concern that the UK Government was already making high profile policy announcements on funding without providing consequentials to the devolved government.” I am asked about the extent to which that remained a challenge during the pandemic. In short, the position improved after May 2020, and it was not as significant a problem thereafter. To give just two examples:

a) First, the question whether the Welsh Government would remain a part of the UK funding arrangements or take its Barnett share of the funding provided to England, was raised and considered more frequently. The latter option had not been previously considered but it was used to fund the Test, Trace, Protect system. It gave greater flexibility and certainty to Wales’s economic response. In short, where it was in Wales’s best interest, it was possible to remain part of the UK or English arrangements, but where Wales’s interests diverged (for example, because it has a different socio-economic population structure compared to England), it was possible to receive a Barnett share of funding.

b) Secondly, on 23 July 2020, a Barnett Guarantee was announced under which Wales would receive a minimum amount of funding during the 2020-21 financial year. This guarantee gave greater certainty about the available funding to finance the Welsh Government’s own schemes.

32. Although the Welsh Government would be provided with information about specific heads of consequential funding at various points during the financial year, we would only receive confirmation of the final overall total of funding when a reconciliation of positive and negative financial decisions was undertaken as part of the supplementary estimates that were released by HM Treasury towards the end of each financial year. The pandemic did

not change this process. However, there were a number of informal channels that helped the Welsh Government to understand what financial support it would receive from the UK Government: the Minister for Finance and Trefnydd would have discussions with HM Treasury, and by providing an estimate of the Welsh Government's funding proposal totals, we would be told whether we were reaching the upper limit of what funding we would receive. However, this was all very high-level, and there was no confirmation, certainty or further information before the release of supplementary estimates; for example, in 2020, we expected a supplementary estimate in mid-December 2020, which would provide us with more information about the consequentials.

33. The issue with waiting for confirmation of consequential funding, provided around the supplementary estimates, was that the Welsh Government could not properly plan and manage its budget, as it had to wait for the announcement of schemes in England before formulating its own response. For example, £1.08 billion and £1.04 billion had been announced by the UK Government for Transport for London and educational recovery, respectively, without any mention of consequential funding. The lack of notification resulted in a great deal of uncertainty around managing Welsh Government finances.

34. I am asked how I feel communication around these issues could be improved in a future pandemic. I have three recommendations:

- a. **Regularity:** the more there is a regular and reliable pattern of communications, the better that communication becomes. Too often in the pandemic communication was sporadic and unplanned.
- b. **Codification:** once you face an issue the first time, that should then become a pattern for how you do it the next time. In the pandemic recurring issues felt like they had never been experienced before. A codified approach means you get used to tackling the issues in the same sort of ways.
- c. **Early involvement/engagement:** the problem with communication in the pandemic was that the Welsh Government would get drawn into the conversation at the last minute when it seemed the decision has already been made. Early engagement would resolve this issue.

35. The Inquiry have asked me about the extent to which I agree or disagree with Rebecca Evans (then Minister for Finance and Trefnydd), when she explained at paragraph 49 of

her Module 2B statement, exhibited at **MD/15-INQ000346272**, that, "*the Fiscal Framework was not flexible enough and allowed the then Chief Secretary to the Treasury to exercise too much discretion*". I entirely agree.

36. I was involved in negotiating the fiscal framework. It did not include an automatic uplift for inflation in respect of sums being borrowed. Therefore, the figures agreed in 2016, when the framework was negotiated, were frozen at those levels, and they have not been uplifted to this day. As a result, any departures from the fiscal framework (which included the amounts for spending and flexibility in spending those amounts), required the prior approval of the Chief Secretary to the Treasury.

37. I have two recommendations that I would like the Chair to consider making in relation to devolved government funding and the fiscal framework. I would like to note that the efforts of the UK Government in this respect were positive, but the following matters should be considered further:

a) The fiscal framework is overly rigid, and it has not been updated since 2016. The framework should (i) be updated on a more regular basis; (ii) be reworked to increase its flexibility; and (iii) in any case, be amended to include automatic annual uplifts for inflation. This would help to ensure that the Welsh Government is properly equipped to provide a timely and effective response when having to tailor support to its population. For example, the fiscal framework, as it stands only provides that Wales receives 5% of the funding provided to England as the population of Wales is 5% of that of England. This cannot account for the fact that there is a larger aging population (over 65 years of age) in Wales, compared with in England. So, when providing funding for the vaccine programme, there was no additional funding for the additional immediate vaccines that were required in Wales for the ageing population who were vaccinated first in Wales and England. Increasing the flexibility of the fiscal framework to account for factors such as specific population demographics would make it fairer and more effective.

b) An intergovernmental protocol should be put in place to deal with the issue of ownership of assets funded by the fiscal framework during an emergency. During the pandemic, the funding provided for by the fiscal framework was used to purchase or invest in, a number of tangible assets. For example, the Welsh Government (and other devolved governments) agreed to put their money into

the national UK pool to have access to the 'Lighthouse laboratories', which were Covid-19 diagnostic testing facilities. I believe this meant that we had collective ownership of these assets as investors, and therefore we would have a say in how these assets were used and how disposal of them would take place. However, the UK Government side-stepped these issues of ownership. A notable example is that the Welsh Government felt that the Lighthouse laboratories should continue to operate in light of new variants emerging in 2022, however the UK Government began shutting these laboratories down, simply overruling the objections of the devolved governments. In spite of the funding contributed by the devolved governments to these assets, they were not treated as shared assets. Accordingly, a protocol should be put in place to ensure that future decision-making, in relation to assets funded in this way, respects the wishes of all contributors.

C. Assessing the crisis and the Initial Response

38. I am asked to provide a brief overview of the features of the Welsh economy which were relevant to its ability to weather the economic storm of the pandemic. There were clear features of the Welsh economy which helped it in this regard but also other features which put the Welsh economy at a disadvantage.
39. For example, there are a higher percentage of people in Wales working in public services than in England, this was an advantage in terms of resourcing the Test, Trace, Protect programme, or the implementation and administration of business support schemes because the public sector workforce could be deployed for covid-related purposes. This kept such staff in work and avoided reliance on private sector support at an additional cost. Wales also has a higher proportion of the population who are economically inactive. Although not an economic advantage, this group would not have experienced employment related exposure to infection.
40. However, the make-up of the working economy in Wales also meant that some groups of workers were especially exposed to the economic impact of covid: tourism, taxi driving and the restaurant trade are examples, although this impact was far from uniquely Welsh. In the same way, those parts of the Welsh economy reliant on contributions of workers from overseas – for example the meat processing industry – saw additional vulnerabilities to covid arising from workplace practices and living conditions. Similar vulnerabilities, in similar industries were evident elsewhere in the UK.

41. I became aware that the pandemic would have a major impact on the Welsh economy by observing the impact of the virus on the economy of other countries already experiencing Covid-19. On 24 January 2020 the Chief Medical Officer for Wales had advised me that there was a significant risk that the virus would arrive in Wales and it was evident from the outset that economic consequences would follow.
42. Although I cannot recall exactly when I was first advised of the specific economic impact of a lockdown lasting longer than 14 days, I do recall considering, at the start of the first lockdown in March 2020, that there were certain industries that would feel the effects of any lockdown more than others. For example, the first lockdown began around the start of the tourism season for Wales, and major agricultural and entertainment events were scheduled to occur around then. The tourism and hospitality industry relied on making money during the period when tourists visit (March to October) and then spending that money on upgrading facilities or purchasing stock for the following season when tourists are not visiting (October to March). Therefore, I knew the lockdown would affect these industries as they would not be able to recoup sums spent in the off-season. There were also important events such as the Welsh National Opera's summer season, the Royal Welsh Show, and the National Eisteddfod scheduled for that spring and summer, which were directly affected by the lockdown. I remember considering around the first lockdown that these industries would not be able properly to operate and therefore would suffer considerable economic impacts.
43. I do not think that I could have done more, or acted differently, in February and March 2020, in order to prepare the initial economic response. There were a great number of variables associated with the pandemic, which meant that the initial economic response had to be flexible. It was therefore the correct decision to set up various Covid-19-specific groups, which could analyse and assess the data produced through the pandemic and then respond appropriately.
44. Given that, at the outset, it was impossible to know how long the pandemic would last I took the view that it was best to plan on the basis that the pandemic and its impacts would endure for an extended period of time. The basis for this assumption in March 2020 was that at that point we had no vaccine, and no firmly established knowledge of the virus or its effects. Our approach needed to be flexible and adaptable in light of evolving circumstances and knowledge and accordingly this informed the nature of assumptions that were made at that time.

D. Support for Jobs

45. I am asked about the design, operation and efficacy of various key economic interventions in the UK as a whole and in Wales. My thoughts, analysis and reflections of those schemes are set out below. However, as set out above, as First Minister, I was not involved at all in the design, implementation and operation of the UK schemes.

Coronavirus Job Retention Scheme ('CJRS') and Self-Employed Income Support Scheme ('SEISS')

46. My reflections on both the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme are that the UK Government was developing national schemes at an unprecedented pace; and it was important for them to mobilise a great deal of economic support as quickly as possible to mitigate the impact of the pandemic. I was not consulted on the development of these schemes, and I am not aware of others in the Welsh Government being consulted about them, but that absence is understandable given the urgency of the work.

47. That is not to say that had there been more consultation, there might have been some 'fine-tuning' of the Coronavirus Job Retention Scheme. For example, the lack of support provided to freelancers effectively required the Welsh Government to provide economic support to them under the Cultural Recovery Fund (Freelancer Support) scheme. Equally, the Self-Employed Income Support Scheme could have offered that support.

48. That said, the Coronavirus Job Retention Scheme was fundamentally sound, and the time spent 'fine-tuning' the scheme would have to be balanced against any benefit of any associated improvement in the scheme. The absence of consultation affected economic decision-making in Wales insofar as the Welsh Government had to await the announcement of the scheme to decide whether and what economic support it could and would offer. Awaiting such announcements proved to be challenging throughout the pandemic and made economic decision-making difficult at times.

49. The UK Government did not consult me about the review, amendment, or ending of either scheme, in much the same way they did not consult me about the design of those schemes. The schemes were a national, UK Government economic response. Engagement with the Welsh Government was slender and the UK Government's lack of

receptiveness to bringing forward, by one week, the implementation date in Wales for the proposed Job Support Scheme to support a so-called “circuit breaker” lockdown in October 2020, was the source of significant disappointment and frustration for me.

50. This issue was the subject of an extended exchange between me, Counsel to the Inquiry and the Chair, during my oral examination in Module 2B (transcript 13th March 2024 pages 149 to 164). I would invite the Inquiry to consider this previous evidence that I gave on the matter as it illustrates, in particular, the reluctance of the Treasury to enter into meaningful consultation about the exercise of its fiscal levers to support the Welsh Government (and Welsh businesses) in circumstances where, it was of the view that the need for that support had not yet arisen in England. I will not repeat my evidence in full here as it is a matter of Inquiry (and public) record, however, I will offer the following summary.

51. At the COBR meeting on 12 October 2020 I had asked the Prime Minister whether a “circuit breaker” or “fire break” lockdown would be considered due to the trajectory of infection at that time. The Chief Medical Officer for England, the Chief Scientific Officer and SAGE had advised that existing tier restrictions would be insufficient to reduce the “R” rate below 1 but that a “circuit breaker” or “fire break” could achieve this. That advice was supported by the Chief Medical Officer for Wales, the Technical Advisory Cell, Public Health Wales and the Welsh Government’s Cabinet. However, at that time the UK Government did not support the case for such a lockdown.

52. I wrote to the Chancellor on 16 October 2020, informing him that the Welsh Government were considering a “fire break” from 23 October 2020 and pressing him to bring forward the commencement date of the new Job Support Scheme by a week, in Wales, to ensure that all those working for businesses being forced to close would receive financial support for all employees and would not have to access two schemes during the firebreak. Exhibit **MD/16-INQ000216554** refers. Bringing forward the start date would have relieved Welsh businesses of the burden of having to apply to one UK Government support scheme in week one (namely the Coronavirus Job Retention Scheme) and then apply to a different and new UK scheme, (namely the Job Support Scheme), from week two. Crucially, as I noted in my Module 2B oral evidence, the two schemes had different qualifying criteria with qualifying criteria for the scheme in operation in week one being more restrictive than that for the new scheme, meaning that many applications for support for the first week of the lockdown would have been unsuccessful.

53. Despite the Welsh Government offer to reimburse HM Revenue & Customs for the additional costs of paying 67% of the wage costs of eligible employees instead of 60%, the UK Government refused our offer. I received a response from the Chancellor on 19 October 2020 in which he advised that the Job Support Scheme could not be brought forward from 1 November to 23 October 2020, exhibit **MD/17-INQ000216555** refers. I responded to the Chancellor on the 20 October, exhibited at **MD/18-INQ000216553**, in which I expressed deep disappointment with the Chancellor's response. I asked the Chancellor to recognise the exceptional circumstances and waive the usual requirements. Without this happening, employers in Wales with no income would have been faced with the difficult decision of paying all of the wage costs of their employees or making them redundant.
54. On 23 October 2020, the Welsh firebreak came into effect. Had we had the confidence that the UK Government would provide the money needed to support people during the firebreak we probably would have implemented that lockdown sooner. However, it was difficult from an affordability perspective for the Welsh Government to take that step alone without the financial support of the UK Government.
55. As I noted in my Module 2B oral evidence "*there is a very simple principle behind it which is that if public health circumstances in any part of the United Kingdom were such that action needed to be taken there needed to be a process in which the Treasury could be asked to support that action*". The Welsh Government therefore wanted a process that all governments could agree upon that reflected a recognition that any part of the United Kingdom could have a call on HM Treasury support where it could be objectively demonstrated that support was needed in that territory. Again, as I noted in my Module 2B oral evidence, I am of the view, that at the time, our request was denied due to the Treasury's policy of not supporting the devolved governments going further than the UK Government, acting for England, when it came to non-pharmaceutical interventions. I exhibit at **MD/19-INQ000397193**, email exchanges between HM Treasury officials on this issue, that I was taken to during my oral evidence, and which, in my opinion, supports this conclusion.
56. When the Omicron variant emerged going into winter 2021 the Welsh Government was again constrained by the funding position taken by the UK Government.
57. At its meeting on 29 November 2021, the Chief Medical Officer for Wales had reported to Cabinet that evidence suggested Omicron had increased transmissibility (as compared to

Delta) and that it was currently unknown as to whether it would be more harmful. It was also reported that evidence was suggesting that this variant had the potential to evade vaccines. Cabinet also noted that community transmission appeared to have already commenced. I exhibit here the minutes of this meeting at **MD/20-INQ000130006**.

58. Together with the First Minister of Scotland, I wrote to the Prime Minister on 29 November 2020, requesting an urgent COBR meeting and calling for tighter travel restrictions. I exhibit that letter here at **MD/21-INQ000256922**. I also sought confirmation that *“devolved financial support schemes will be funded by the Treasury in the event that more interventionist measures are required to respond to the public health situation....In particular, it is important for us to agree that if the conditions in a devolved nation were to require more significant interventions than in England, the agreed package of financial support would be available to that nation. We do not want to be in a position again where our public health interventions are negatively impacted by a lack of financial support, but can be switched on as required for England.”*

59. There was a series of Cabinet meetings in early December 2021 at which Ministers considered potential options for restrictions. A briefing paper had been considered (exhibit **MD/22-INQ000057943** refers) that set out the matters that might trigger a ‘Covid urgent’ scenario. The paper noted that under a worst-case scenario, the only interventions likely to be effective in the event of high exponential growth, were those in Alert Level 4.

60. Alert Level 4 would mean the closure of businesses necessitating significant UK and Welsh Government financial support. Cabinet had noted that the Coronavirus Job retention Scheme and the Self-Employed Income Support Scheme had ended in September 2021 and there was no indication from the UK Government that they would reintroduce the schemes in the event of a worsening of the public health situation in England.

61. The Prime Minister’s response to my letter of 29 November 2021 failed to address the points that I had made. He indicated that a fuller response would be provided by the Secretary of State for Health. Exhibited at **MD/23-INQ000228015**.

62. On 6 December 2021 Cabinet considered a paper exhibited at **MD/24-INQ000057950**, that provided Ministers with options to consider with respect of Omicron. The paper noted the uncertainties surrounding the new variant which made it necessary to plan for a worst case scenario where Omicron evaded vaccines, led to a rise in hospitalisation and fatality rates

and resulted in much higher pressures on the NHS. The paper noted the financial implications of Level 4 restrictions stating:

'Unless financial support is made available by the UK Government the harms of moving to Alert Level 4 will be much greater than in previous waves. This could lead to more permanent business closures and job losses. Financial support can be made available by the Welsh Government but it cannot plug the gap from UK wide schemes like furlough. It is anticipated that should the worst case scenario unfold that this would happen across the UK and require a single response. Our expectation is that this should lead to UK financial support being reinstated.'

63. The paper also noted the absence of the UK furlough and Self-Employed Income Support Schemes, which the Welsh Government had neither the data, capacity, finance or systems to replicate at scale.
64. On 7 December 2021, I received a response form the Secretary of State for Health to my letter of 29 November 2021. Although that letter stated that UK Government financial support is still available to businesses in Wales, Scotland and Northern Ireland, it did not make the financial commitment that I had requested. Exhibit **MD/25-INQ000256925** refers.
65. On 15 December 2021, my ministerial colleague Rebecca Evans, Minister for Finance, wrote to the Chief Secretary to the Treasury seeking clarity on the level of support that would be available form the UK Government in light of the Omicron developments. She emphasised the importance of the Coronavirus Job Retention Scheme, exhibit **MD/26-INQ000321139** refers.
66. A COBR meeting took place on 15 December at which the question of financial support was again raised and where I expressed concern that funding could only flow to the devolved governments as a consequence of decisions taken by the UK Government about spending in England. I exhibit here the Welsh Government's note of that meeting at **MD/27-INQ000216608**.
67. I followed this meeting up with a letter to the Prime Minister on 16 December 2021 repeating my concerns. Exhibit **MD/28-INQ000228013** refers.
68. Further Cabinet consideration was given to this issue of Omicron related restrictions at its meeting on 16 December 2021. This included the action that may need to be taken after

Christmas and the financial implications of implementing Alert Levels 2,3 and 4. Exhibit **MD/29-INQ000057974** refers.

69. The paper noted that the Welsh Government only had sufficient financial capacity to cover emergency operating costs at all Alert Levels for the remainder of the financial year, provided that the average support was around the £10,000 per month maximum range and covered a period of no longer than two months. However, this would not replicate what had previously been available under the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme.

70. Cabinet noted that in the absence of additional support from HM Treasury, the Welsh Government was in a difficult position when seeking to strike a balance between public health protection and the need to mitigate the financial impact of introducing further restrictions that would have required business closure.

71. I issued a written statement on 17 December 2021 announcing the new restrictions that had been agreed. I confirmed that financial support would be available but stated that the Welsh Government's ability to provide and sustain long term assistance was severely constrained by the position of HM Treasury in relation to the reinstatement of schemes such as furlough. Exhibited here at **MD/30-INQ000023305**.

72. On 20 December 2021, the Minister for Finance received a response to her letter to the Chief Secretary to the Treasury (referred to in paragraph 65 above). This response set out the level of business support available and stated that the Treasury would increase the funding available to the Welsh Government from £135M to £270M. Exhibit **MD/31-INQ000321085** refers.

73. However, both I and the Minister for Finance were disappointed and frustrated that the Treasury had not responded to, or even engaged with, our request that the Coronavirus Job Retention Scheme would be made available to devolved nations if the public health situation in these countries required it.

74. Cabinet reconvened on 21 December 2021 to consider advice from TAC and the Chief Medical Officer for Wales. Exhibit **MD/32-INQ000057994** refers. It noted that Omicron uncertainties remained and that *“without wage support in place from the UK Government like CJRS and SEISS, the harms from restrictions cannot be mitigated in the same way as*

in previous waves, ruling out the most stringent measures at this stage". The paper continued thus:

"Discussion at Cabinet on the 16th and 20th December identified Alert Level 2 as the most realistic basis for a suite of protections that could be introduced, whilst being able to bring in a financial package of support that could mitigate some of the economic harms relative to the public health risk Options for adopting higher Alert Levels would be more viable if the UK Government were to reinstate wage support schemes like the JRS and SEISS."

75. These events provide a further illustration of the point that I made above that the UK Government were only prepared to implement financial support measures in support of the devolved Governments where it took the view that equivalent support was also required in England.
76. So, in answer to the question concerning the closure of the Coronavirus Job Retention Scheme, I am of the view that closure should not have occurred in July 2021 and as is evident from what I have said above, the scheme should also have been available beyond September 2021 in the event of the prevailing public health situation requiring it. I am also of the view that the withdrawal of these schemes in July 2021 would have damaged the confidence that the public had that government would protect their livelihoods. This would have caused them to take more risks.
77. Subject to the above, overall, I believe the Coronavirus Job Retention Scheme was well designed: the ability to furlough, as opposed to dismiss workers, meant that when the pandemic was lifting, businesses were able to re-start more efficiently by bringing back those same workers. Another benefit of furlough was the preservation of employment. The Welsh Government was able to re-deploy furloughed workers to administer its Test, Trace, Protect system.
78. Aside from the fact that its scope could have been broader (for example, allowing freelancers to benefit from it), the scheme did not, to my knowledge, have any design features that caused possible difficulty. It met its objective of providing economic support to allow individuals and businesses to mitigate the worst economic effects of the pandemic. Of course, there are always industries and businesses seeking more help, but I do not recall any problem with the overall design of the scheme being raised with me by a ministerial colleague or an official.

79. I am asked what recommendations I would have for the Chair in relation to improving the delivery and design of the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme. I think that others, more directly involved in the day-to-day operation of the scheme would be better placed to assist the Inquiry with this question.
80. However, I would add that in relation to Self-Employed Income Support Scheme, the design of a scheme of income support for the self-employed is inherently challenging given the highly diverse nature of the sector and the unreliability of data for this sector. Although closer engagement with the Welsh Government would have produced a better understanding of Welsh circumstances, I do not believe that this would have produced anything other than marginal changes in the design of the scheme.
81. Overall, I considered the Self-Employed Income Support Scheme to be an effective intervention to support the self-employed which operated effectively alongside other interventions administered in the UK and Wales.
82. Like all schemes, the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme were unequal in their impact, insofar as they had eligibility requirements, and therefore some businesses and workers were unable to benefit. That is not a problem unique to these schemes. An example of such unequal impact is the greater relative resourcing burden faced by smaller businesses in managing the application process and subsequent administration.
83. I know from my constituency, which has the largest Bangladeshi population in Wales, language barriers presented a problem in accessing support under the Coronavirus Job Retention Scheme. However, that is not an issue specific to this scheme. Although more possibly should have been done to address these issues, the UK Government was balancing a very difficult task of providing wide-ranging support across the UK at great pace.
84. In any future crisis, those developing economic support schemes should ensure that the application processes are as simple as possible in order to ensure that the support is accessible to all targeted sectors of society. Furthermore, careful consideration should be given to how the communication and provision of the schemes might be amended to help these targeted sectors (including those that experienced language barriers) to understand what is available and how to access it.

Welsh Schemes to support the labour market

85. The nature and form of my involvement, as First Minister, in the development, implementation and operation of the Welsh Government support schemes has been set out above in paragraphs 2 to 14. This includes my relationship and interactions with the Minister for Economy and Transport who had primary day-to-day responsibility for the schemes to support the labour market such as the Covid-19 Business Resilience Fund. Those who were closer to the detail will be better placed to help the Inquiry's assessment of whether their substance or operation could have been improved.

86. Ideally, the Welsh Government would have had more money for all sectors of society, but realistically it had to strike a balance between efficient expenditure of public money and the many areas in which investment was required in a public health and economic emergency. I remain of the opinion that, given the funding that was available to us, the quantum of economic support provided by the Welsh Government reflected the high priority which the Cabinet afforded to protecting livelihoods, alongside lives during the pandemic.

E. Support for Business

Support Administered by the UK Government

87. I have been asked what features of loans to businesses administered by the UK Government (including the Bounce Back Loan Scheme, the Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Loan Scheme, and the Covid Corporate Financing Facility) worked well. As explained above, I was not involved with these schemes to any significant extent but from my perspective the schemes appeared to be effective in providing significant and necessary economic support to businesses.

88. However, I recall generally that the Welsh Government thought the approach to the risk of error and fraud was inconsistent with the standards that would be required outside a pandemic. When the Welsh Government developed its own economic interventions, officials kept in mind the requirement that they had to maintain high standards in the management and protection of public money. The UK Government prioritised speed of economic support over the risk of error and fraud, which is a view supported by a report produced by the Public Accounts Committee of the UK Parliament on 27 April 2022 on the Bounce Back Loan scheme which I exhibit here at **MD/33-INQ000625226**. More generally,

I also exhibit here a report from the National Audit Office which found similar issues with regard to the UK Government's Covid 19 Business Grant Scheme at **MD/34-INQ000578213**. I think these risks could have been better mitigated. Beyond this, no significant concerns were raised with me about the design of these schemes not working well and I believe these schemes had an overall positive impact as an economic intervention.

89. The scale and speed of the loan schemes, both in their design and delivery, were driven by the urgency of the times. I have no doubt that the restrictions in usual standards of due diligence were primarily motivated by the need to provide help in that emergency context. Had the Welsh Government been more closely involved, we would have suggested some relatively straightforward additional checks (for example, a greater use of third-party endorsements) which would have narrowed the scope for fraud and error. In addition, we would not have endorsed 'fast track' arrangements of the sort which subsequently proved to be controversial.

90. Engagement with the Welsh Government about the design of loan schemes was minimal. However, had it been greater, I doubt it would have had a material impact on the ultimate design decisions that were taken. The UK Government regarded such matters as entirely reserved. It also regarded its own understanding of the business world as in need of no assistance from elsewhere. Unlike the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme, where I believe that closer engagement would have produced only minor changes, in regard to loan schemes, I conclude that greater involvement of the Welsh Government would have contributed an increased focus on due diligence. I have however, less confidence that any such views would have been heeded.

91. Although others are better placed to assist the Inquiry with recommendations for the Chair, I would draw attention to the role played by the Development Bank of Wales in this context. Having a well-regarded, highly connected and experienced body of this sort was a clear advantage in the delivery of relevant loan schemes.

92. The schemes discussed in this section were aimed to provide businesses with immediate and necessary support to mitigate the worst impacts of the pandemic. They were intended to ensure that businesses were able to survive the pandemic and remain viable to resume trading when the crisis had passed. I think these schemes certainly helped in that regard by providing a great deal of economic support, at a fast pace, to prevent or mitigate the risk of business closure at a time of unprecedented disruption to normal trading conditions.

93. In my view, at the time and now, these business support schemes provided by the UK Government did not fully appreciate the impact of the pandemic on important Welsh events. For example, large-scale Welsh events such as the Royal Welsh Show and the National Eisteddfod were disproportionately impacted by the lockdown in March 2020 but the business loan schemes were not able to support these events. Accordingly, the Welsh Government had to mobilise its own support to stop the operators of these events going under.

94. Subject to the points above, I think that the schemes were broadly effective in their scope, and I cannot recall the Minister for Economy and Transport raising with me any significant issues as to their coverage.

95. I have no reason to think that the loan schemes were any more unequal in their impact than is the case for loans in general, which are not accessible to all individuals and entities who may require them. The loan schemes certainly did not do anything to address pre-existing inequalities associated with access to loan finance.

96. I do recognise that the schemes could have had different eligibility requirements or provided further support to landmark cultural events like the National Eisteddfod, but this was not a problem with its design, implementation or operation. I cannot think of any obvious improvements to the schemes. Although smaller businesses may have struggled with resourcing the administration of these schemes, and language barriers may have existed for certain communities and businesses, I do not think that in the circumstances and level of urgency required, much more could have been done. In future, governments should remember to keep access, to any similar schemes, consistent with standards of probity and protectors of public money.

97. I think that these UK business loan schemes ended at the right time.

The Economic Resilience Fund

98. I once again refer to paragraphs 1 to 13 above for details of how I engaged with, and contributed to, the development and implementation of our economic interventions. Further to this, I formally announced the launch of the Economic Resilience Fund (“the Fund”) on 30 March 2020, exhibit **MD/35-INQ000321159** refers. I received updates on the Fund’s sector-specific support as part of the reports provided to Cabinet. I exhibit a copy of one such update at **MD/36-INQ000048912** I was asked at various points to consider

and approve renewed funding, including as a result of the advice of the Investment Recommendation Panel where specific financing was recommended. As an example, I exhibit a Ministerial Advice dated 17 June 2020 at **MD/37-INQ000103928**.

99. I consider that the Fund's objectives were appropriate, and they were consistent with the overarching economic policy of supporting businesses to remain viable and to resume trading after the pandemic had passed. From my perspective as First Minister, the Fund served its purpose. I feel its ability to supplement UK Government schemes with sector-specific support targeted at Welsh requirements was a design feature that worked well.

100. The Fund was, I believe, a success. It benefited from many millions of pounds over and above the level of consequential funding received under the Barnett arrangements which was a deliberate decision of the Welsh Ministers. Additional funding allowed for the Fund's scope to be extended thereby supporting more businesses.

101. I believe that the Fund adequately safeguarded public funds and its anti-fraud and error processes were robust. To the best of my knowledge, the Welsh Government's approach to the protection of public money remained the same throughout the pandemic. Others would be better placed to answer more detailed questions about the Fund's anti-fraud and error procedures.

Covid-19 Wales Business Loan Scheme

102. My direct involvement in the Covid-19 Wales Business Loan Scheme was announcing its launch on 30 March 2020. I exhibit a copy of my announcement previously at **MD/35-INQ000321159**.

Design

103. Again, the level and nature of my involvement with the development and implementation of this scheme stemmed from my participation in the collective decision-making and information-sharing structures that I have described above. Through these structures I was aware of the challenges that the scheme was seeking to address and the challenge of having to develop solutions quickly. I would have expected any serious operational issues to have been raised by the Minister for Economy and Transport. However, I do know that the Development Bank of Wales was (and is) an institution which played an important and positive part in mobilising support for businesses. It is able to provide additional funding to mitigate problems, and the Welsh Government was able to

draw on its expertise in difficult circumstances to provide support to the Welsh business community.

104. My involvement in oversight of the implementation of the Covid-19 Wales Business Loan Scheme came through Cabinet, it was generally well administered, and I cannot recall any issues of concern being raised with me.

105. The Covid-19 Wales Business Loan Scheme provided some £92 million out of the £100 million it had to distribute, as loans to companies experiencing cash flow problems. I exhibit, at MD/38- INQ000214220 a copy of the Audit Wales report entitled '*Covid-19 business support in 2020-2021*', which provides a useful summary of the support provided by this scheme (and other economic schemes). The scheme provided financial support to address cash flow issues ahead of the roll-out of the UK Government-backed Coronavirus Business Interruption Loans Scheme and, in my view, it met its aims and objectives. For that reason, I think that it represented value for money.

106. I have been asked by the Inquiry whether the Covid-19 Wales Business Loan Scheme was sufficiently aligned with the terms of the UK Government's Coronavirus Business Interruption Loan Scheme. I am unaware of any difficulties in terms of alignment of the two schemes. This question and questions about its targeting and any lessons that may have been learned about its design and its operation will have more specific answers from those involved in the day-to-day operation of the schemes.

F. Alleviating Hardship

Support Administered by the UK Government

Decision-making

107. I had no role in the decision to apply the uplifts to Universal Credit and Working Tax Credit, nor did I have any role in the level of uplift. I would not have expected to have been consulted about these decisions as they were reserved matters administered by the Department for Work and Pensions. I do not think that other individuals or groups within the Welsh Government were consulted. I believe that the absence of consultation about the uplifts was understandable considering the speed at which the central UK Government was mobilising urgent economic support to alleviate hardship. Furthermore, it is unlikely that consultation, if it had occurred, would have had a material impact on our economic response decision-making in Wales.

108. Because the Welsh population has lower levels of income relative to the wider UK population, the uplifts had an additionally positive impact in Wales. From my perspective, I believe that these interventions were effective, and they had no negative implications for the Welsh population.

109. With regard to recommendations around improving the design of the uplifts or similar future schemes, particularly with reference to engagement between the UK Government and the Welsh Government, the principal issues seem to me to be:

- a) Early engagement is needed where circumstances allow;
- b) Where emergency action must be taken, that ought to lead to rapid post decision discussions rather than regarding the original actions as something complete, and beyond further consideration.
- c) Greater recognition, on both sides, of the overlapping nature of some areas of responsibility and the concomitant risks that some helpful actions which might have been taken, will fall between the two governments. More might be done to 'map' those responsibilities, to keep that account up-to-date so that it could be consulted swiftly in the event that such schemes would be needed in the future.

Monitoring, Review and Cessation

110. The Welsh Government monitored the effect of the uplifts of the Universal Credit and Working Tax Credits as part of its general economic analysis of the effects of the pandemic. The statistics on the uptake of Universal Credit were monitored and reported as part of the Labour Market Statistics and Economic Report. I exhibit the Economic Report of June 2021 at **MD/39-INQ000350582**, by way of an example. The effect of the uplifts was mentioned in economic updates to Cabinet given by Jonathan Price. I exhibit a copy of the Minutes of the Cabinet Meeting on 22 February 2021 at **MD/40-INQ000057892**, by way of example.

111. More broadly the effects of the uplifts of the Universal Credit and Working Tax Credits were also covered in work undertaken by the Bevan Foundation and Joseph Rowntree Foundation. For example, the JRF Report: Poverty in Wales 2020, which was launched on Monday 2 November 2020, at a joint event with the Bevan Foundation, focused on the poverty landscape in Wales before, and since the Covid-19 pandemic.

112. It looked specifically at the following areas: jobs, financial security and the availability of childcare and the role of the social security system at the UK and Wales level as well as the emergency financial measures that were put in place by both Welsh Government and UK Government. I was invited to speak at that event but was unable to attend so Julie James MS, Minister for Housing and Local Government, provided a keynote speech at this event in my place. The briefing I received about the JRF Report is at **MD/41-INQ000625225**.

113. In the same way that I was not involved in the decision to uplift Universal Credit and the Working Tax Credits I was not consulted by the UK Government in relation to their review, amendment and cessation. To the best of my knowledge, others in the Welsh Government were not consulted either. Although I have commented that the absence of consultation with the Welsh Government about the introduction of the uplifts was understandable, I do not take the same view in relation to their withdrawal. The urgency and complications associated with the introduction of the uplift policy were no longer factors that constrained the ability of the UK Government to enter into consultation about their subsequent withdrawal. Withdrawal had a differential impact in Wales due to the socio-economic profile of our population and accordingly it was a decision we were not in support of and I feel strongly that the Welsh Government should have been consulted about this decision.

114. My colleague Jane Hutt, the Welsh Government's Minister for Social Justice along with the Scottish Government's Cabinet Secretary for Social Justice and the Northern Ireland Executive's Minister for Communities raised the effect the prospect of withdrawing the uplifts would have with the Secretary of State for the Department for Work and Pensions in a joint letter on 30 August 2021, **MD/42-INQ000282107** refers.

115. The letter highlighted how failing to maintain the recent uplift to Universal Credit would increase hardship and poverty for people who were already struggling and urged the UK government to reverse this decision and to strengthen the support offered by Universal Credit, instead of weakening it.

Efficacy

116. The uplifts were an effective economic intervention insofar as they had a tangible (if unquantifiable) effect on reducing the impact of the Covid-19 pandemic on people's income when compared with the decline in GDP.

117. I do not think there were any gaps in the coverage of the uplifts that ought to have been filled. The uplifts provided uniform assistance to those requiring increased support from the state at a time where individual economic stability was pressured.
118. Turning to the question of whether the uplifts had unequal impact I would make the general point that treating everybody the same is not a test of equality. Blunt interventions such as these bake inequalities into the system and this additional support, although of benefit to those in receipt of it, did nothing to tackle the underlying inequalities that they were experiencing before and during the pandemic.
119. I have no knowledge of any specific issues with regards to the accessibility of the support, however, I do think more could have been done to address inequalities and support to economically vulnerable groups in their design. In my opinion, the uplifts could and should have provided more money to individuals in need of assistance. Previous governments, in the era of austerity, had left deficiencies in the areas of universal and working credit support by not providing more support. Therefore, when assistance was required by beneficiaries of these schemes, the uplift, although welcome, did not fully compensate these individuals. The Welsh Government therefore mobilised the Discretionary Assistance Fund (which, at a UK level, had come to an end in 2013, against the Welsh Government's wishes, when the discretionary elements of the UK-wide Social Fund came to an end), to provide additional social funding. As a national policy area, I think that the uplifts should have done more to recognise preexisting inequalities and the economic vulnerability of certain groups that had arisen as a consequence of previous policies of austerity. Accordingly, I think that any future interventions of a similar nature should take proper account of the pre-existing impacts of previous policy choices on those in need of this additional assistance.
120. As with other national economic interventions, I was not involved in the detail of the schemes, and I have no knowledge of any issues with the day-to-day operation of the uplifts being implemented alongside other interventions administered in Wales and the UK. I would have expected any significant concerns regarding operation to have been raised by my ministerial colleagues, however I have no recollection of this happening.
121. I am of the view that the uplifts were possibly ended too soon (on 31 September 2021), given the emergence of the cost-of-living crisis. Considering there is a higher proportion of the Welsh population in receipt of these credits, relative to UK population as whole, the decision to end the uplifts, around the time of the developing cost-of-living crisis, had a

disproportionate impact on the Welsh population. Although this was a decision taken in a policy area that is reserved to the UK Government, the Welsh Government sought to counteract the negative impact of the withdrawal through use of the Discretionary Assistance Fund (as referred to below in paragraph 127). I exhibit at **MD/43-INQ000145340**, a Ministerial Advice dated 15 September 2021 in which this issue was considered before the end of the uplifts on 31 September 2021.

G. Inequalities and Vulnerable Groups

122. As stated above, I was not directly involved in the day-to-day design, implementation and operation of specific economic response measures, including measures where inequalities and the economically vulnerable were considered as part of this work. Nonetheless, I was aware that the population of Wales included a higher proportion of economically vulnerable people relative to the UK population as a whole. For example, there is an older population, and a higher proportion of self-employed workers. This knowledge factored into the principal key decisions such as the scope of economic support that would be provided in addition to UK Government support. For instance, Welsh Government officials were aware that freelancers were economically vulnerable and particularly susceptible to the economic consequences of the pandemic and consequent lockdown measures.

123. Accordingly, a specific fund for this group was established within the Wales Culture Recovery Fund (Freelancer Support). This fund provided grants to freelancers who were struggling with the impact of the pandemic or facing challenges associated with restarting their business after restrictions had been eased.

124. In advance of any fresh economic emergency, I would hope that the depth and quality of prior analysis would place a future government in a better-informed position than the position that the Welsh Government faced in March 2020. For some groups, awareness of vulnerability was high from the outset. As early as February 2020, Welsh Ministers were raising the economic vulnerability of care workers, especially in relation to sick pay. In other contexts, however, understanding developed as the pandemic unfolded. The Bangladeshi community for example, with its concentration of self-employment in the taxi and restaurant trades, faced particular challenges which reinforced existing inequalities. I have also made reference, earlier in this statement, to the meat processing industry where the

employment conditions rendered many of its employees vulnerable, both to Covid-19 and its economic consequences.

125. In a national emergency, it is inevitable that policy responses will, generally, be broad brush and uniformly applied. The point I make here is that a more detailed prior assessment of where economically vulnerable groups were to be found, and the nature of that vulnerability, would have allowed for an earlier and more fine-tuned bespoke response to the needs of such individuals and groups.

126. For the reasons that I have already explained, I cannot help the Inquiry with its assessment of the extent to which the UK Government took into account inequalities and economically vulnerable groups when calibrating its response.

127. I believe that the Welsh Government took account of inequalities and economically vulnerable groups when developing and implementing its response measures. The Welsh Government was acutely aware of the fact that Wales has a larger proportion of economically vulnerable people relative to the UK as a whole. This understanding informed our thinking, and we knew that these individuals and groups needed to be supported. As I have already mentioned, an example is the Welsh Government continuing to fund the Discretionary Assistance Fund (a pre-Covid-19 economic support scheme) throughout the pandemic. In England this scheme had been closed in 2013.

128. The Discretionary Assistance Fund is a Welsh rule-based scheme which provides emergency assistance in the form of payments for essentials such as food, gas and electricity, or individual assistance in the form of payments to help someone live independently. Before the pandemic, the Discretionary Assistance Fund operated on the basis that eligible individuals were entitled to three Emergency Assistance Payments at 28-day intervals in a rolling 12-month period.

129. When the pandemic happened, there was a surge in applications for new payments. I recall that the Welsh Government thought that this fund should be continued throughout the pandemic because, for example, families whose children had a free school meal might struggle to provide for an extra meal at home for their children, when schools were shut. The decision was taken to relax the rules and instead to allow up to five Emergency Assistance Payments at seven-day intervals in a rolling 12-month period.

130. The Covid experience should leave a legacy in terms of a greater understanding of the impact of economic emergencies on vulnerable groups. In particular the experience sharpened understanding of the differential impact on different groups. Inequality has different guises, and an economic response has to be calibrated accordingly in order to be effective.

131. I believe there is also an argument for creating a specific forum in which responses across government could be co-ordinated in an emergency. Relevant actions were undoubtedly discussed in a number of different intergovernmental meetings but our enhanced awareness of the needs of the economically vulnerable suggests that specific arrangements would have had the advantage of co-ordinating and overseeing the response that was required in relation to these individuals and groups.

H. Data and modelling

132. Data, economic modelling and scenario analysis supported the Welsh Government's economic decision-making during the relevant period. I was kept apprised of important developments in the economic response in Cabinet meetings. Cabinet discussed a wide range of topics and included several economic updates by the then Chief Economist which I requested. Cabinet also received a monthly Labour Market Statistics and Economic Report which analysed economic areas such as GDP and economic prospects. By way of example, I exhibit a copy of a Cabinet meeting's minutes where we received an economic update previously at **MD/01-INQ000048928**, and a copy of the Labour Market Statistics and Economic Report from September 2020 at **MD/44-INQ000565832**. These updates on the economic data and modelling of the pandemic supported informed decisions throughout the pandemic.

133. I do not recall facing any particular challenges in relation to economic data, modelling or scenario analysis. That is not to say that more and better data would have been welcome: the greater and higher the quality of data held, the better we might have been able to track the effects of the pandemic and so tailor economic support accordingly. However, it would be unlikely that I would have noticed any challenges affecting the data, modelling or scenario analysis unless those issues were specifically raised with me. Ministers generally do not have enough time to interrogate the technical nature of data adequacy or otherwise. Ministers are presented with data, modelling and analyses by experts, and, in the absence of any evidence to contrary, generally take the view that they have produced the best quality work with the resources available to them. I would therefore

not take a different approach in response to a future pandemic or national economic emergency and would continue to rely on the work of experts. I would however acknowledge that the purpose of modelling is not to predict the future but to provide a range of possible outcomes based on a set of circumstances which are themselves and to differing degrees, uncertain and subject to change. The results inform, but do not determine, decisions taken by Ministers.

134. I have no knowledge of how the UK Government used data, economic modelling and other scenario analysis in its economic response to the pandemic. Accordingly, I cannot comment on whether that use was adequate.

135. Overall, I believe the Welsh Government made sound use of data, economic modelling and other scenario analysis in developing its economic response and, as stated above, Cabinet received expert analysis which helped inform its decision-making.

136. As mentioned above I think it is important to recognise the inevitable limitations inherent in modelling and scenario planning in an emergency which by its very nature has many unknowns. The Welsh Government was fortunate to have access to very sophisticated modelling provided by highly experienced and skilled individuals. Taken as a predictor of future events, it was often wrong, but that would be to misunderstand its purpose.

137. Greater understanding of the ways in which data can and cannot be useful in an emergency would be an investment in better decision-making. Data and modelling analysis properly understood make an important contribution to decision-making but cannot substitute for it. Uncertainty is a sea in which we all swim in such circumstances. Learning to live with, and cope with, uncertainty is a key requirement of decision makers in that context.

I. Analysis and Reflections

138. There was a number of important lessons which I learned from the economic response to the pandemic which might be useful for those responding to similar circumstances in the future:

- a. Given the available fiscal and monetary levers, it is important that the UK Government continues to take primary responsibility for being the mainstay of an economic response. However, it is critical that the UK Government; and the devolved governments, operating within their respective spheres of responsibility, work in partnership and with maximum transparency to ensure that the measures implemented on a national and at a devolved level are complementary. Furthermore, it is also of critical importance that UK Government's monetary and fiscal levers are exercised to support the consequences of necessary public health protection decisions taken by devolved governments where the circumstances giving rise to those decisions may not be present in England.

- b. Communication between the UK and devolved governments is very important. The economic response required a joint effort between the two. For that reason, effective, regular, and meaningful communication is essential to maintaining a properly targeted and co-ordinated economic response. In particular, I would reiterate that devolved governments cannot properly develop their own specific economic measures without first having a clear idea of the detail of national interventions that are to be implemented by the UK Government.

J. Documents

139. I have previously disclosed all relevant informal communications, emails and diary and notebook entries in my possession to the Inquiry. I have no further such materials to disclose.

Statement of Truth

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

Signed: **Personal Data**

Dated: 4th September 2025