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THE UK COVID-19 INQUIRY

**MODULE 9, INDIVIDUAL WITNESS STATEMENT OF
CLARE LOMBARDELLI**

1. I, CLARE LOMBARDELLI, will say as follows: -
2. I make this statement pursuant to a Rule 9 request from the UK Covid-19 Inquiry dated 4 July 2025 in relation to Module 9: Economic Response (“Rule 9 request”).
3. For the purposes of this statement, I have focused on the work I engaged in as part of the UK Government’s economic response to the pandemic, for the period between January 2020 and June 2022 (“the relevant period”) when, as explained below, I was the Chief Economic Adviser at HM Treasury.
4. I have compiled this statement in good faith and with best efforts in the time available. In order to assist my recollection of the matters referred to in the Inquiry’s Rule 9 Request and the preparation of this statement, I have taken account of information supplied by HM Treasury.

5. The matters referred to in the Inquiry's Rule 9 request are wide-ranging, the scale of the material generated over the relevant period is vast and significant time has elapsed since 2020. Those assisting me with the statement have sought to identify the documents and correspondence relevant to the Inquiry's Terms of Reference and the matters I have been asked to address. Whilst I have some independent knowledge and recollection of matters referred to, due to the passage of time it is not possible to independently recall every detail therefore, I have also read some of the information identified by HM Treasury to assist my recollection and ensure the contents of this statement are accurate. Any views expressed in this statement are my own. I have done the best I can to recall events to assist the Inquiry and have referred to contemporaneous documentation, however, it has not been possible to read all available records, due to the large volume of material. Where others are better placed to help the Inquiry's Rule 9 questions, I have indicated that in my comments below.

PART A: Role and Responsibilities

6. I am the Deputy Governor for Monetary Policy at the Bank of England ("BoE"). I have held this position since 1 July 2024. Between May 2023 and June 2024 I was the Chief Economist for the OECD. Previously, I worked in the Civil Service from 2005 to 2023. I held several positions within HM Treasury during that period, including Deputy Director for Labour Market Policy (2007-2010), Director of Strategy, Planning and Budget (2015-2018) and Director General, Chief Economic Adviser from 2018 to 2023.

7. The Chief Economic Adviser (“**CEA**”) is a Director General role in HM Treasury. In this role I was responsible for the work of the Economics and Fiscal Groups within the department and was a member of the Executive Management Board (“**EMB**”). Like other Director Generals, as CEA I had oversight of advice to the Chancellor on my areas of responsibility and working with other Directors General, I contributed to the work of HM Treasury to promote the department’s sustainable economic growth objectives. As CEA, I led HM Treasury’s relationship with the BoE with respect to economic analysis, international economic organisations with respect to their assessment of the UK economy, and the gilt investment community and the wider economics community. I also jointly led the Government Economics Service (“**GES**”) alongside Sam Beckett, who was then Second Permanent Secretary at the Office of National Statistics (“**ONS**”), and prior to that Director General at the Department for Business, Energy and Industrial Strategy (“**BEIS**”).

8. During the relevant period, the joint heads of the GES had responsibility for:

8.1. Leading the GES community to champion the use of economics and to support economists across government;

8.2. Chairing the GES Corporate Board, which is the corporate decision-making body for the GES responsible for issues such as recruitment and training;

8.3. Being spokespeople for the economics profession across government and to external audiences.

9. EMB is responsible for leading, motivating and challenging the department, and for ensuring that high quality advice is given to ministers and the department responds to, and delivers on, ministerial priorities. EMB is also responsible for risk management, ensuring sound internal controls, and for managing resources. EMB is chaired by the Permanent Secretary who is responsible for the overall management of HM Treasury.

10. Within HM Treasury, the Economics Group delivers economic modelling and analysis to support policymaking. The Fiscal Group provides analysis on the sustainability of public finances and financing requirements.

PART B: Role of Chief Economic Advisor in response to the pandemic

11. My role as Chief Economic Advisor did not fundamentally change as a result of the pandemic. However, Covid-19 impacted on every aspect of HM Treasury's work, and every Group within the department played a part in the Covid-19 response. While my role in terms of structure and responsibility remained the same, through this period the pandemic dominated my work as it did all Director Generals in HM Treasury.

12. The department's work on Covid-19 was led and coordinated by the Strategy, Planning and Budget Group ("**SPB**"), which had responsibility for:

- 12.1. Synthesising the Covid-19-related advice to the Chancellor and HM Treasury Ministers. This brought together the analysis on economic impacts, business impacts, public services, costs, risks, distributional effects, international experience and other relevant issues.
- 12.2. The relationship with, and HM Treasury input into, the central decision-making processes, particularly the Cabinet Office and No10 Downing Street.
13. An example of the way in which my role focused on the pandemic is in relation to the Economics Group within HM Treasury which was one of the Groups heavily involved in the department's response. I oversaw this work by the Economics Group. I attended some senior cross-government meetings where economic analysis, and its interpretation were particularly relevant.
14. I had a regular working relationship with the Chancellor of the Exchequer. I had worked with him in his role as Chief Secretary and had more frequent contact after he became Chancellor. This was consistent with the experience of all Director Generals in HM Treasury.
15. As a Senior Civil Servant in HM Treasury my day-to-day work was primarily with other civil servants in the department, including fellow Senior Civil Servants. For the most part, I worked with internal officials, both seniors and juniors a typical day interacting with HM Treasury would involve discussions with team

members on all manner of topics, attending meetings and exchanging emails. These working relationships were constructive and collaborative and facilitated a positive response to the pandemic.

16. I did not routinely work with Senior Civil Servants in the devolved administrations. Where appropriate, Director Generals in HM Treasury who oversaw policy development, maintained relationships with their counterparts in devolved administrations due to the overlapping nature of their work and objectives.

17. HM Treasury had good working level relationships with both the International Monetary Fund (“IMF”) and the OECD. As CEA I led the department’s relationships with the IMF and OECD with respect to their assessments of the UK economy. The Economics Group team responsible for managing those relationships with respect to assessments of the UK economy, was the Economic Assessment Team which reported to the Director of Economics who, in turn, reported to me. I did not have contact with either IMF or OECD beyond the regular Article IV and Economic Survey cycle. Article IV provides for IMF-led annual country reviews of economic financial developments, risks and policies to assess macroeconomic financial stability. The OECD Economic Survey Cycle is a country economic policy review undertaken roughly every 18-24 months. During the relevant period the OECD Economic Survey was published in October 2020 and Article IV reviews were published in December 2020 and February 2022. Relationships with these organisations beyond their

assessments of the UK economy is led by the International Directorate in HM Treasury.

18. HM Treasury's relationship with the Gilt Investor Community was managed by the Debt Management Office ("**DMO**") who are experts in this technical market and provide analysis and information on the Gilt market to the department. I did not have direct relationships with the Gilt Investment Community during this period.
19. Throughout the relevant period, I liaised with the wider economics community, including economists across the public sector, academics and think tanks. During the pandemic, HM Treasury drew on its links with the academic and think tank community to ensure it applied the most current and relevant economic thinking.
20. Examples of areas in which we worked with academics included the optimal approach to reopening the economy after lockdown, inequality, epi-macro modelling and long-term impacts. We also drew on a broad range of academic and professional economics papers, some publicly available and some shared with us in advance of publication.
21. There is a large community of expert academic economists in the UK. During the pandemic, HM Treasury needed to identify the most relevant thinkers in emerging or unfamiliar fields of economics, such as epi-macro modelling. To

do so we partnered with the Royal Economic Society, who helped us rapidly identify a diverse range of the most appropriate contacts in these areas.

22. A formal engagement process was undertaken with the GES and the Royal Economic Society (“RES”) to bring together leading economic expertise on issues most relevant to the analysis and modelling needed to assess and advise on Covid-19 impacts and to support scheme design.
23. The topics and focus for a series of seminars, held in various sizes and formats, were jointly agreed. The RES identified the most appropriate academics for each issue and assisted in organising these events. This process enabled us to draw on both domestic and international expertise to address specific modelling and policy challenges, as well as learn of other potentially relevant academic research.
24. Two broad areas of policy making within HM Treasury are macroeconomic policy and microeconomic policy. The latter being policy which related to the economic schemes that were introduced in response to the pandemic. I was not responsible for microeconomic policy design, as such I did not have relationships with groups representing end-users of economic interventions in response to the pandemic. Those relationships were maintained by the officials who oversaw the development of microeconomic policy interventions.

25. The breadth of these working relationships positively contributed to and enhanced my work in response to the pandemic by deepening my understanding of the relevant issues.
26. In my view, the department consulted effectively with outside experts. As outlined above and below, we consulted across a wide range of experts and institutions from across different sectors and the economics community including, academics, think tanks, the IMF, OECD, the BoE, and the Office for Budget Responsibility (“**OBR**”).
27. The working relationships between HM Treasury and other departments were good. The pandemic was a shared experience and everyone, across government, pulled together and endeavoured to solve the crisis collaboratively.
28. The Cabinet Office were responsible for coordinating and sharing material across government on the economic impacts of, and issues related to, the pandemic. I had oversight of the economic analysis developed by the Economics and Fiscal Groups in HM Treasury which was fed into the Cabinet Office processes.
29. The sharing of information was coordinated by The Covid Response Board (“**CRB**”) and Covid Response Team which was the central mechanism through which HM Treasury co-ordinated its pandemic response and liaised across government. For example, HM Treasury contributed data on key economic

trends to the daily Covid-19 Sitrep and Covid-19 Dashboard, which were shared across-government by the Cabinet Office [CL/001 - INQ000272143_0029] [CL/002 - INQ000236552], [CL/003 - INQ000232561]. These presentations were used by the Prime Minister and other ministers to inform their daily strategy meetings. Alongside this, HM Treasury produced a weekly economic monitor which was shared with other government departments and key external partners. These updates covered developments in GDP, inflation, the labour market and public finances, helping to build a shared and up to date understanding of the economy across government [CL/004 - INQ000184617], [CL/005 - INQ000184618], [CL/006 - INQ000184622], [CL/007 - INQ000184629], [CL/008 - INQ000184632], [CL/009 - INQ000184633], [CL/010 - INQ000184634].

30. HM Treasury was open and transparent in relation to the sharing of its economic analysis. As is usual, there were limitations on sharing information that was commercially sensitive; however, my overall perception was that economic analysis was readily shared with others during the pandemic, where this could be helpful.

31. Evidence, information, and analysis provided to the Chancellor is commissioned by their Private Office. The role of that office is to determine the information the Chancellor requires and to manage its delivery in the most effective way possible. Like all private offices, it does so in collaboration with the relevant teams across the department.

32. Macroeconomic and fiscal advice was managed in the same way as all other advice provided to the Chancellor, comprising a combination of written advice and meetings. The frequency of meetings on different topics varied over the course of the pandemic, depending on the circumstances at the time.
33. Most of the advice the Chancellor receives concerns economic policy development and implementation, which was led by other areas within HM Treasury. The Private Office maintained records of advice and meetings.
34. The Economics and Fiscal Groups within HM Treasury are relatively small, agile teams that responded effectively to the demands of the pandemic. Both groups comprise technically capable, experienced and expert staff who were able to undertake new modelling and analysis as required to meet evolving needs. HM Treasury is a relatively small department, and these groups are correspondingly small, reflecting resource constraints on public spending. In my view, these groups worked well during the pandemic, they were agile, responsive and collaborated with others, ensuring that analysis was carried out at pace and was fed into the SPB coordination function.
35. Ministers are responsible for deciding policy. In my experience, the advisory and policy development functions supporting ministerial decision making worked well. The EMB increased its oversight and frequency of meetings during the pandemic to ensure information was shared and decision making remained responsive and robust.

36. From my observations, the decision-making structures and processes within HM Treasury were effective. Ministers received the best available analysis subject to the highly time and resource constrained circumstances. Diverse viewpoints and perspectives were taken into account. Decision making was inevitably challenging given the scale and scope of the uncertainties surrounding the virus and its impact. Those with oversight of the policy-making functions are better placed to address matters relating to policy design, development and implementation.

PART C: Initial Response to the Pandemic

37. The government's understanding of both the virus and its economic consequences developed progressively over the course of the pandemic. Early on, knowledge about Covid-19 was limited, and any estimates of its economic effects were highly uncertain and heavily dependent on assumptions about the scale and severity of the outbreak. In forming its view of the health and epidemiological outlook and assessing and understanding the potential economic consequences and necessary economic response, HM Treasury relied on the guidance provided by the Department of Health and Social Care ("**DHSC**") from the Chief Medical Officer ("**CMO**"), the Chief Government Scientific Advisor ("**CGSA**") and the Scientific Advisory Group for Emergencies ("**SAGE**") [CL/011 - INQ000088103].

38. In early February 2020, initial advice to the Chancellor highlighted uncertainty but indicated that the immediate impact would likely be on the Chinese economy, with only modest spillovers on the global and UK economies. It also

recognised that should the outbreak escalate into a full global pandemic, the economic effects could be substantial. At the time, officials assessed that while Covid-19 might pose risks to the UK and global financial systems, the UK banking sector should be able to remain resilient, though outcomes would depend on the virulence of the virus [CL/012 - INQ000088043]. Subsequently, on 14 February 2020, officials from the International and Economic Group provided advice to the Cabinet Secretary, setting out the potential implications of Covid-19 for both the economy and financial stability [CL/013 - INQ000088044]; [CL/014 – INQ0000000000].

39. In January and February 2020, the economic risk from the virus received significant attention within the department. Resources were allocated rapidly as required. HM Treasury's international directorate was monitoring and analysing developments, initially in China, then subsequently tracking its spread and economic impacts in other countries. This work also examined the potential implications for the UK economy, including risks to trade, supply chains, and global market stability. In addition, HM Treasury officials participated in the COBR meetings, ensuring that emerging economic considerations formed part of cross-government discussions from an early stage.
40. The challenge of estimating the economic impacts of potential pandemics includes, that the economic impacts are highly dependent on the specific characteristics of the virus. In this instance, an airborne virus with transmissibility and mortality rates which followed a specific path over time and

so required widespread lockdowns. As the economic impact was highly dependent on the specific characteristics of the virus which were predicable at the outset, the department learned and responded rapidly as available information about the virus, the necessary restrictions, and economic support policies increased.

41. Access to information, techniques and capabilities increased rapidly as the virus progressed. The behaviour of economic agents, such as people and businesses, also changed significantly throughout the pandemic. For example, restrictions had very different economic impacts over time which is something that we learnt as the pandemic progressed. As such data and evidence on what was happening in the economy proved a more reliable source of information than modelling results, particularly in initial stages when uncertainty was highest.

42. Early in the pandemic, like all of government, the department was operating with very high levels of uncertainty and firm conclusions and evidence on the economic impacts of the virus and restrictions were not available. Analysis was constantly reviewed and updated to reflect the best available information as the available information increased. In January and February 2020, the biggest challenge by far was the uncertainty about the virus and its impact. Given this, additional resources focused on crisis preparation would have been unlikely to substantively improve the initial economic response. The initial economic response was broadly welcomed by businesses and consumers as well as economic commentators and market participants.

43. By late February and early March 2020, the prevalence of the virus had increased, and the Chancellor's immediate priority was on the upcoming Budget on 11 March 2020. The level of attention and resources, and the pace and extent of work undertaken during this period continued to increase to meet the evolving demands of the pandemic. As outlined above; to assess the likely trajectory of the virus, HM Treasury drew on guidance and information provided between January and March 2020 by DHSC and the scientific and health experts to the whole of government regarding the anticipated duration and severity of the pandemic, alongside government health assessments of how public health responses might evolve and the Reasonable Worst Case Scenario work undertaken by SAGE [CL/015-INQ000000000].
44. In March 2020, the understanding of the potential scale of the economic impact developed in parallel with the evolving assessment of the virus's impact on the health of the UK population. This, together with the announced duration of the lockdown policy, was a key factor in shaping the macroeconomic response during March 2020. Reflecting the prevailing view that the crisis would be relatively short lived, the Budget package announced was designed to address what was then expected to be a short temporary shock and emphasised that the measures should be temporary and reversible.
45. HM Treasury routinely manages Cabinet reshuffles as part of its normal business. Following the Cabinet reshuffle in February 2020, the incoming Chancellor's background in the department meant that the reshuffle resulted in

less change than would typically occur when a new Chancellor is appointed. As a result, this change in leadership did not present any additional challenges for me and my team, in responding to the pandemic.

PART D: Monetary Policy

46. The Monetary Policy Committee (“MPC”) of the BoE has operational independence in setting monetary policy which is a key pillar of the UK’s macroeconomic framework. HM Treasury sets the remit for the MPC, which the Committee is then tasked with delivering. Monetary policy is determined by a nine-member committee, operating on a one-person, one-vote basis, comprising appointed BoE executives and independent members. The HM Treasury representative is not a member of the MPC but attends meetings to ensure the MPC is informed of any government policy issues relevant to the achievement of its mandate, and to ensure the Chancellor is aware of the MPC’s decisions and deliberations. My role was to provide relevant information, analysis and insights on Government policy. I did not participate in the MPC’s monetary policy deliberations or decisions, as doing so would be inconsistent with the legislative framework guaranteeing the BoE independence.

47. In attending the MPC meetings, I shared all relevant information on the government’s economic and fiscal policy, including policies that had been decided but not announced. This ensured that monetary policymakers had complete and up to date information on which to base their decisions. Similarly, I kept the Chancellor informed of the MPC’s policy decisions, enabling him to make his own decisions with the benefit of the best available intelligence. In the early stages of

the pandemic, I also facilitated connections between the Bank and other parts of government, ensuring access to expert advice and information about the nature of the pandemic, such as from the CMO, where those relationships had not previously existed.

48. Throughout the pandemic, I had good working relationships with the Governor of the BoE and all members of the MPC. The nature of these working relationships did not change. Teams I oversaw at HM Treasury continued to work directly with the BoE on assessments of the economy, which were dominated by the pandemic. In the usual way, I had regular contact with the Governor and MPC through the MPC meetings. The department worked with the BoE on economic analysis and, due to the challenges in assessing some impacts of the pandemic using existing sources, to share sources of data, both at working level, particularly around the impact of NPIs on the BoE forecast, and through dedicated sessions with the BoE's Financial Policy Committee ("**FPC**") and MPC. The BoE also facilitated an MPC research away-day on epi-macro modelling on 14 July which HM Treasury Officials attended [CL/016 - INQ000236539].

49. The UK 'macroeconomic framework' comprises the institutions and relationships through which the government seeks to deliver its economic objectives. It is designed to ensure the actions of the BoE, and government and other economic institutions are complementary. HM Treasury has its own economic objectives and sets the BoE's economic objectives. For example, the MPC's primary objective is to achieve low and stable inflation, its secondary objective is to deliver the government's economic objectives for growth and employment. The framework's clear division of responsibilities – HM Treasury for fiscal policy, the

MPC for monetary policy – ensures that complementary action can be taken without compromising the BoE's operational independence.

50. The Bank does not decide or comment on fiscal policy and HM Treasury does not decide or comment on monetary policy. HM Treasury and the BoE communicate appropriately and in a manner that mitigates any risk, or perceived risk, to independence. The BoE independence is a core pillar of the UK's macroeconomic framework, and HM Treasury always acted to support it. While HM Treasury attends MPC meetings, it is not involved in any monetary policy decision making. This framework supports the credibility of UK economic policy delivering better economic outcomes for individuals and businesses across the UK.

51. The UK's monetary policy framework is underpinned by clarity and transparency which helps mitigate any risk to the perception of the BoE's independence. This system is well established and safeguarded by senior officials and ministers at HM Treasury, as well as senior officials at the BoE. Throughout the pandemic, I saw no instances of Ministers or officials challenging this framework. Minutes of all MPC meetings during this period were published alongside each policy decision, setting out factors that informed those decisions.

52. I have been asked to comment on the use of quantitative easing in 2020. Quantitative easing is a monetary policy tool used by central banks to stimulate the economy when conventional tools, such as lowering interest rates, are no longer sufficient. Regarding the quantitative easing announced in 2020, it was not

my role or responsibility to form a view on it or participate in the MPC's related policy decisions. As outlined above and set out in the sources linked below, the independence of the BoE is paramount and it was not my role to comment on or decide monetary policy, including quantitative easing.

53. The BoE sets its monetary policy to meet its inflation target. HM Treasury has tasked the BoE with this role and assumes the BoE will set monetary policy to deliver the inflation target on a sustainable basis - reflecting the independence of the BoE, as outlined above. The economic analysis produced by HM Treasury for the Chancellor included the monetary policy response of the BoE.

54. The BoE framework, setting out the nature of its role and relationship with HM Treasury, as outlined above, is primarily contained within:

- i. The BoE legislation [[CL/017/INQ000656085](#)]
- ii. The MPC remit [[CL/018/INQ000656083](#)]
- iii. HM Treasury objectives [[CL/019/INQ000656084](#)]
- iv. The minutes of all MPC meetings e.g. [[CL020/INQ000656086](#)]

Part E: Macroeconomic and Fiscal Policy

55. The nature of the pandemic meant that the economic impact of this shock was likely to differ from previous economic shocks and much of that was due to it being a public health crisis. The pandemic triggered large simultaneous supply-side and demand-side shocks to the economy because of the illness itself, the health policies that were needed and the behaviour changes that occurred.

While previous economic shocks in the UK have often had both demand and supply side elements, they have tended to be more one than the other. For example, typically a financial crisis would cause greater demand disruptions, an energy shock might mean more supply disruptions. The speed and global nature of the pandemic also affected the nature of the economic impact as global demand and supply was disrupted rapidly. The nature of the pandemic, particularly the need for lockdowns, meant that the economic impacts also manifested with a particular pattern – with a greater impact on labour markets than capital markets. This was appreciated early in the pandemic, and over time as more data became available, the detail of these impacts was better understood.

56. From a macroeconomic standpoint, the government had the full range of macroeconomic and fiscal levers available to it. However, given the public health nature of the pandemic, it would not have been appropriate to respond to the demand-side shock by stimulating certain types of economic activity at certain times, such as those that involved physical interaction between people. Those who oversaw the design of economic policy schemes within HM Treasury are better placed to address whether microeconomic policy delivery may have been affected by the impact of both ill health and lockdown/social distancing policy.

57. I was not directly involved in the development of the department's key objectives, which were set by ministers. Ministers communicated their objectives directly during meetings, and more widely to staff across HMT by their offices. Beyond this objectives were communicated across the department through management

chains, regular meetings and discussions within the department. Ministerial objectives were clear and well understood. I do not recall that there were areas of conflict or trade-off between objectives. My recollection is that the objectives were mutually consistent, and the department took a holistic approach to achieving them. From a macroeconomic perspective the government was focused on the importance of maintaining economic capacity over the medium term. This overarching objective provided coherence to the overall strategy, maintaining the connection between people and jobs and supporting otherwise viable businesses. In practice, this meant there was no trade-off between the fiscal and macroeconomic objectives in responding to the crisis. The fact that this was well understood is evident from the response of financial markets, which regarded the sharp increase in public borrowing as necessary and appropriate.

58. HM Treasury anticipated the economy would be affected both by voluntary changes in behaviour as people and businesses responded to the virus, and by compulsory restrictions put in place. It was not possible, in real time, to reliably distinguish between these two effects. How voluntary behaviours would evolve, how they might interact with official measures, and how they would shift as the disease progressed were all unknown factors that made economic modelling challenging. To inform its work and judgements on these two effects, the department drew on a range of information including survey data, observations on differences in behaviour where levels of restrictions differed, and cross-country comparisons. For instance, Sweden, offered insights into the role of voluntary behaviour in the absence of stringent restrictions, while some Asian economies illustrated the impact of more prescriptive measures. Early in the

pandemic, and with appropriate caveats, the IMF published early analysis suggesting the economic effects of voluntary behaviour played and compulsory restrictions might be of a similar scale. With no clear evidence to the contrary, the department reflected this assessment in its analysis, whilst highlighting the significant uncertainty around it.

Ensuring economic activity was consistent with Non-Pharmaceutical Interventions (“NPIs”)

59. As outlined at paragraph 12, the department’s work on Covid-19 was coordinated by SPB through the Covid Response Team. HM Treasury ministers and officials attended cross-government fora coordinated by the Cabinet Office including the MIGs, Covid(O), and Covid(S) meetings. I joined some of these meetings on a small number of occasions where my role would have been to address any economic questions which might arise [CL021 - INQ000055892] [CL/022 - INQ000088242] [CL/023 - INQ000090127]. I did not have any wider responsibilities in relation to the cross-government fora which were coordinated by the Cabinet Office and therefore, I am unable to comment on their general effectiveness or challenges that they faced.

60. I was a panel member for two Cabinet Office-led reviews during the relevant period:

60.1. The Review of Two Metre Social Distancing Guidance, which reported in June 2020. Its chair was the then No10 Permanent Secretary (Simon Case); the other panel members were the then Chief Scientific Adviser (Patrick Vallance) and the current Chief Medical Officer (Chris Whitty).

60.2. The Social Distancing review, which was part of the 2021 reopening roadmap overseen by the Covid-19 Taskforce in the Cabinet Office. This reported in July 2021 [CL/024 - INQ0001816931]. The review panel was led by the Permanent Secretary to the Covid-19 Taskforce; other members included the then Chief Scientific Adviser, the Chief Medical Officer, and representatives from DHSC, BEIS, and the Department for Digital, Culture, Media and Sport.

61. My understanding is that HM Treasury received timely information about the virus and the prevailing NPIs from Cabinet Office, DHSC and the Scientific Committees, insofar as they were able to provide it, given the inherent uncertainties and rapidly evolving picture.

62. HM Treasury decision making on policy was taken by the Chancellor and Ministers who attended and contributed to government discussion and decision making on overall UK government strategy regarding NPIs. Within HM Treasury Policy development and advice on policy making was undertaken by SPB, the Covid Response Team and policy teams within Directorates with relevant responsibilities across tax, welfare, spending, business and financial services. The department's mechanisms for coordinating and bringing together information

received from other government departments and cross-government fora, analysis and advice included through the work of HM Treasury's EMB, SPB, Covid Response Board, and Covid Response Team. As outlined above, like other Director Generals, as CEA I had oversight of advice to the Chancellor on my areas of responsibility of macroeconomic and fiscal analysis and advice. This advice was shared with the department's coordinating groups and therefore was one of the analytical inputs used by policy teams.

63. I was not involved in how HM Treasury and the Chancellor engaged with non-economic experts such as epidemiologists and scientists. The exception being meetings between the Chancellor and the Chief Scientific Advisor and the Chief Medical Officer, which I occasionally attended if needed to speak to economic analysis. My understanding is that medical, scientific and epidemiological information and advice regarding the public health impact of the virus was commissioned by the Cabinet Office and DHSC and discussed at SAGE and some of the cross-government official and ministerial level fora. This information was shared with senior officials who attended those meetings and from March 2020 the Director for Economics Group attended SAGE meetings in an observer capacity, and circulated the SAGE meeting papers, a read out of the meeting and the SAGE minutes to colleagues, including senior officials, across the department.

64. I believe the advice provided by HM Treasury to the Chancellor about the impacts of the virus, restrictions and economic support measures, was the best synthesis

of the information and analysis available under the highly uncertain circumstances faced.

65. From what I observed, a lot of effort went into considering the interaction between the economic and health evidence and analysis. On the economic side, data, analysis and modelling such as epi-macro modelling was used as far as possible to understand these interactions. This was challenging given the uncertainties surrounding both health and economic impacts and uncertainty about how they interacted. These relationships were better understood over time as more data and evidence existed.

66. My recollection is that it was well understood by both ministers and officials across departments, throughout the pandemic, that the primary aim was to control the virus and public health measures which achieve that would be economically beneficial. It was also well understood that public health outcomes are improved by a strong economy. As outlined above, I was not responsible for the development of economic interventions, others are better placed to address the way in which the public health impact informed policymaking.

PART F: Data

67. Before the pandemic, HM Treasury used a comprehensive approach to economic data monitoring, briefing and analysis to monitor the economy. A range of economic information such as national statistics, official statistics, financial market information, survey data, consensus forecasts, administrative data and international data releases were used. HM Treasury work closely with other

organisations such as the Office for National Statistics (“ONS”), the OBR, the BoE, and other economic data producers. Some parts of the economy are better captured than others in the available data. For example, there are more economy wide business surveys available than surveys of the voluntary and community sector, and economic activity data at a national level can be more timely than data showing geographical breakdowns of economic activity. All possible efforts were made to ensure as holistic a view as possible of how the economy was impacted by the pandemic over time.

68. The scale, size and speed of the pandemic created unique challenges for data analysis. Normally, official statistics, form the foundation for assessing the economy and projecting its outlook. However, this data is ordinarily produced with a time lag. For instance, the first estimate of the monthly GDP is not available until 45 days after the period ends. In a crisis where conditions were shifting daily, such delays were too great to inform decision making that was happening at pace.

69. To bridge the gaps, analysts also turned to alternative and more immediate sources of information. While less established, these innovative sources were critical for understanding short-term developments. Due to the speed, scale, and scope of the pandemic, to gain a faster, real-time picture of economic activity, established economic data sets were supplemented with additional sources for example data from mobility applications and hospitality booking platforms such as Google Maps, Citymapper, and OpenTable. Access to new data sources was also secured including anonymised data on credit card usage from financial

institutions, and we worked closely with BEIS to assess sector specific data and intelligence. In parallel international data and evidence was used to understand how the virus was impacting other economies to identify potential lessons for the UK economy.

70. Data producers and providers also expanded their data collection efforts throughout the pandemic to improve understanding of its impacts, and HM Treasury drew on this information as it became available. For example, the ONS rapidly undertook surveys, including the Business Conditions Survey data [CL/021 - INQ000181687], which HM Treasury incorporated into its monitoring, briefing and analysis.

71. In addition to broadening the range of data collected, the department also adapted how it was used. As data covering longer periods became available, we were able to start estimating relationships between key variables. For example, as the pandemic progressed, newly generated economic data was incorporated into Nowcast modelling from around April 2020 [CL/026 – INQ000000000; CL/027 - INQ000184621], enabling near-term estimates of macroeconomic indicators such as overall level of economic activity and inflation.

72. High quality data enhances understanding of the economy and supports policymaking. Continued investment in data infrastructure, collection and analysis, is important, subject to broader public spending constraints. In November 2020 I initiated a project with the aim to consider how we could further support the coordination and capability of work on statistics and data science

across the department. I do not have any clear recollection of that project and any specific reports made back to me although it is the case that the department increased its staffing and capability in data science role, including the creation of the Chief Data Officer role.

73. The Economics Group provided macroeconomic data to the Cabinet Office for inclusion in the Covid-19 Dashboards. My understanding is that the Covid-19 Dashboard was established by the Cabinet Office to replace the existing Sitreps and contained pandemic related data from across government relating to a wide range of departments and issues.

74. Throughout the relevant period, HM Treasury officials maintained regular engagement with Cabinet Office counterparts, including from June 2020, formal standing weekly economy update meetings, to brief the Prime Minister on the economy. The frequency of the meetings changed throughout the pandemic, intensifying in the run up to a major announcement. In March 2021, they became monthly, finally ending in May 2022. Typically, the Chancellor attended those meetings, as would I and others from HM Treasury alongside others from No10, Cabinet Office, and BEIS. The Cabinet Office produced a dashboard to brief the Prime Minister at these meetings, with analysis input from HM Treasury and often BEIS. This provided senior ministers and Whitehall with a clear picture of how the economy was being affected by the virus and measures taken in response to it in as close to real time as possible [CL/028 - INQ000184623], [CL/029 - INQ000184625], [CL/030 - INQ000184630], [CL/031 - INQ000184635].

75. A schedule of economic dashboard meetings is at Annex C.

76. I have been asked to comment on an email that was sent to me by Rob Harrison from the Cabinet Office on 15 November 2021 requesting assistance on workings on the subject of working from home [CL/031a – INQ000625719]. Treasury officials and I took forward his request and I responded to him on 17 November 2021 [CL/031b – INQ000000000] for which Rob expressed his gratitude.

Part G: Expert Advice, Analysis and Modelling

77. During the relevant period, large amounts of analysis and modelling took place as part of policy design and development by the relevant analytical and policy teams across the department. The SPB group increased in size, new structures such as the Covid Response Board, and Covid Response Team were established and resourced, and a new Covid Director was recruited. I was not responsible for the wider analysis and modelling that took place for policy design within policy teams therefore, others are better placed to address those functions and resourcing. Accordingly, my insights on advice, analysis and modelling set out below, will focus on the functions and resourcing of my directorate.

78. During the relevant period, the role of Economics Group was to provide macroeconomic analysis and assessment of the impacts of the pandemic, and the measures taken to manage it. Analysis, assessment and modelling carried

out by the group was provided to the Chancellor and to colleagues across the Treasury who were responsible for policy development of the economic response to the pandemic. To meet the demands of the pandemic, resource across the Group was re-distributed to increase capacity and capability and outlined above, additional and new modes of data was utilised.

79. The role of the Fiscal Group was to ensure fiscal policy supports the government's economic objectives, provide oversight of the public sector balance sheet, ensure that operational financing needs are met and public sector finance statistics are produced. During this period the Economics and Fiscal Groups were around X staff. This will have been a mix of analyst and non-analyst staff. In addition, HM Treasury also has analysts working in policy development teams in other parts of HM Treasury.

Modelling, Forecasting, Scenario Analysis

80. During the relevant period, an extensive suite of economic modelling, forecasting and scenario analysis tools were used to analyse and interpret data, explore potential outcomes, and understand underlying economic dynamics. This analytical work provided a structured means of responding to the economic challenges of the pandemic and contributed to the evidence base for informed decision making.

81. Economic modelling, forecasting and scenario analysis are complementary tools for understanding and preparing for economic change. Modelling simplifies the economy to reveal relationships between key variables such as inflation, interest rates, and unemployment, turning complex data into insights that inform policy making. Forecasting builds on these models by using current data to estimate the most likely future outcomes, expressed as probabilities or best estimates. Scenario analysis, by contrast, explores a range of possible outcomes under different assumptions, helping policy makers test the potential impact of alternative paths and prepare for uncertainty without predicting which scenario will materialise.

82. From the early stages of the pandemic NPIs were discussed and decided by Government. Correspondingly, the economic analysis and modelling work included the impact of the NPIs on the economy, examples of which are provided below.

83. The types of modelling, forecasting and scenario analysis used for economic analysis included:

83.1. Labour Supply Modelling is a technique used to estimate how changes in policies, incentives or shocks affect the availability of workers in the labour market. It helps assess potential impacts on employment, output and overall economic performance. In the weeks leading up to the first national lockdown, a labour supply model was quickly developed to assess the potential economic impacts of NPIs. The model drew on

assessments from DHSC and SAGE on the likely impact of workforce absences under different NPI scenarios [CL/032 - INQ000184562]. This analysis fed directly into briefings and speaking notes for ministers [CL/033 - INQ000184563].

83.2. Input Output Modelling is an analytical method that maps the flow of goods and services between different sectors of the economy. It is used to estimate how changes in demand, supply or policy in one sector affect output, income and employment across the wider economy. For example, how changes in food prices affect the retail sector.

83.3. Firm Level Model modelling analyses data at the level of individual business to understand their behaviour, performance, and responses to policy or economic shocks. It helps assess how aggregate outcomes emerge from the decisions and interactions of businesses. In addition to macroeconomic analysis, the department also examined impacts at firm level. To support this, a firm level model was commissioned in July 2020, designed to translate macroeconomic assumptions into more detailed insights on businesses [CL/034 - INQ000236558], [CL/035 - INQ000236545]. This provided added dimensions to HM Treasury's work by showing how trading conditions and policy interventions affected businesses. For example, in September 2020, the model underpinned a briefing to the Chancellor on the potential

consequences of a circuit breaker, for businesses [CL/036 - INQ000184589].

83.4. Nowcasting is a technique used to estimate the current or very near-term state of the economy. It helps bridge the gap before official economic statistics are published. This was a key tool regularly employed by the department to track short-term economic developments. After the onset of the pandemic when traditional data sources became less reliable, the framework was quickly adapted to integrate real-time indicators and novel data. Outputs from this tool were fed into regular economic monitoring reports for ministers ensuring decisions were grounded in the best available data. For example, in April 2020, the Chancellor was provided with Nowcast results as part of the Covid-19 economic assessments [CL/037 - IN00001846211].

83.5. NiGEM (National Institute's Global Econometric Model) Modelling is a large-scale macroeconomic model used to internationally simulate how economies response to shocks and policy changes. It helps assess the impact of fiscal, monetary and global developments on growth, trade, inflation and other key variables. HM Treasury used the model early in the pandemic for example, in April 2020 HM Treasury officials used NiGEM to assess the impacts on the UK of other countries' adoption of NPIs. The results were shared with me on 7 May 2020 [CL/038 - IN0000184605], providing a timely picture of economic conditions. A

summary of the results was shared with the Chancellor and referenced in the Chancellor's Plan for Jobs' economic aid package, which was published on 8 July 2020 [CL/039 - INQ000088027].

83.6. Epi-Macro Modelling was a new modelling technique, developed and applied by HM Treasury from early in the pandemic. Officials conducted a literature review and rapidly built in-house models, with outputs shared with the Chancellor from August 2020. These models were used to explore the interaction between the virus, societal restrictions and economic activity, and provided a framework to understand links between public health outcomes and economic activity, and to inform the policy approach taken through the smarter NPIs work. While epi-macro modelling was useful, it could not reliably predict the precise effects of specific interventions. The assumptions underpinning the modelling were unstable due to the novel nature of the virus and rapidly evolving situation. Nevertheless, it was important in providing a structured way to consider the economic implications of different NPIs and helped build a broader understanding of the potential impacts of the pandemic on the economy and informed policy making, even if it could not determine specific policy actions. Officials engaged extensively with experts including academics, to develop epi-macro modelling techniques. These discussions included ways of understanding interactions between the virus, restrictions and economic behaviour, and on the limitations of using this technique in a high uncertain environment. Greater use of epi-macro modelling is

unlikely to have substantially improved policy decision making. The most informative input came from contemporaneous economic behavioural data. While additional modelling might have been possible, the constraints of the pandemic meant that time was better spent gathering real-time data and engaging with stakeholders to understand economic behaviour.

83.7. Computable General Equilibrium (“**CGE**”) modelling is a technique that simulates how an economy reacts to changes in policy or external shocks by capturing interactions between sectors, households and markets. It helps policymakers assess the broader economic and distributional impacts of potential interventions.

83.8. Scenario Analysis is a technique used to explore how changes in key variables or external conditions could affect outcomes. For economic modelling this would mean outcomes such as GDP, inflation or employment. Unlike forecasting, it examines a range of plausible outcomes rather than the single most likely one. During the pandemic HM Treasury carried out scenario analysis to explore how different trajectories of the virus and associated restrictions could influence key macroeconomic indicators and the fiscal position. This type of analysis helped policymakers anticipate medium-term challenges and informed decisions on economic support measures. For instance, in May 2020, analysis examined how a V shaped recovery might compare with a prolonged U shaped or L-shaped recession, and the resulting

implications for tax revenues and public spending measures. [CL/040 - INQ000184606].

83.9.A Variant of Concern “VOC model” was produced elsewhere in government. This was not an economic model, and I was not involved in its development or use.

84. HM Treasury drew on macroeconomic modelling and analysis from both the OBR and the BoE throughout the pandemic. For example, the OBR conducted modelling and shared the results with us in March 2020, providing valuable early insight into the impact of the national lockdown on the macro economy [CL/003/INQ000232561]. The OBR continued to produce forecasts at each fiscal event during the relevant period. In addition, the department also engaged with external experts such as academics with experience in epi-macro modelling and labour market economists, to strengthen our analytical toolkit and deepen our understanding of potential impacts and uncertainties.

85. Beyond the UK public sector, we drew on international organisations' analysis and modelling. The International Monetary Fund developed modelling estimates that compared the relative impact of the virus and NPIs on economic activity. In June 2020 the OECD produced projections of the economic impacts of single versus multiple lockdown scenarios and a real-time economic activity Nowcast based on fast data. HM Treasury also drew on academic economic modelling, particularly in the field of epi-macro modelling, where techniques expanded rapidly as the knowledge and capability increased. This informed HM Treasury's

epi-macro models and, where possible, enabled us to calibrate and cross-check our results. We also drew on private sector uses of economic modelling to supplement our internal modelling. This provided insights into both sector-based modelling and epi-macro modelling.

86. On 29 June 2022, I gave a speech at King's College London [CL/041 - INQ000088016], which provided information on the economic shock from Covid, the tools we used to understand the economic impact, the design of the economic policy response and, provided some early thoughts on potential long-term impacts. In this speech, I explained that given the unique nature, uncertainty and complexity of the pandemic shock to the economy, the most sensible strategy was to use a wide range of inputs to better understand the impact on the economy.

87. I have been asked to explain and elaborate on my comment in that speech that "economic modelling was not suited to rapid policy design". This statement underscores the challenges of applying traditional economic models in a fast-evolving crisis and reflects the following points.

88. Economic models are built on assumptions about human behaviour, market dynamics and policy impacts. In the context of the pandemic, these assumptions were frequently challenged by real-world developments. For instance, the emergence of new variants and unexpected shifts in public behaviour rendering existing models less reliable. As noted in my speech, small changes can cause

large differences in the outputs of models, highlighting their sensitivity to assumptions.

89. The pandemic introduced unprecedented variables, including the virus's speed, mutations, and public responses to restrictions. Economic models which often rely on historical data were challenged by these rapidly changing conditions. As noted in my speech, we were in a world where we were learning about the virus and behaviour over time, highlighting that models can lag real-time developments.

90. Modelling provided valuable insights into potential scenarios however, complexity and uncertainty inherent in the pandemic made it challenging to translate model outputs into concrete policy options. We undertook a very broad range of detailed modelling, some of the different types of economic modelling used is summarised in paragraphs 81 and 83. We also looked widely and deeply at insights from the modelling of others. However, recognising the limitations of modelling, the department turned to a broader range of data and evidence to inform analysis and advice. As noted in my speech, the department thought hard and looked very carefully at all the data and evidence available, underscoring the importance of the use of real-time information by the department during the pandemic.

91. The comment I have been asked to explain, reflected the complexities of using economic modelling during a rapidly evolving crisis. While models offer valuable frameworks for understanding potential outcomes, their sensitivity to assumptions and rapidly changing data means that they should be supplemented by an

adaptable evidence-based approach during a crisis, which is what happened during the pandemic.

92. The modelling tools outlined above, are particularly useful when calibrated against real-world data and grounded in well-established economic relationships. The fast changing and novel nature of Covid-19 meant that models based on either historical estimates or limited early data could not inspire a high degree of confidence. While they were valuable in exploring potential interactions across different parts of the economy, they were less suited to serving as detailed foundation for policy design. As outlined at paragraphs 67 to 71, new and alternative sources of data were used to overcome these challenges.

93. As outlined above the pandemic created unique challenges including the element of uncertainty. The best use of modelling in response to the pandemic was carefully discussed and considered. Multiple models were adopted throughout and, in my view, HM Treasury had analysis and modelling capacity to meet the demands of the pandemic including, to assess the impacts of the virus and its trajectory on macroeconomics, albeit there were uncertainties around the virus throughout. The capability, capacity and agile nature of the HM Treasury teams worked very well and meant that it was possible to work with a number of models to deal with the inherent uncertainties around the virus.

Part H: Microeconomic Policy

94. HM Treasury is an economic policy-making department, organised into a number of directorates with distinct policy responsibilities. Microeconomic policy is developed within other relevant areas of the department including the tax, spending, welfare, business and financial services teams, with senior officials providing oversight of this work and the advice on policy design to ministers.

95. As outlined at paragraphs 7 and 24, as CEA, I oversaw the economic and fiscal groups within HM Treasury and therefore the macroeconomic and fiscal analysis and advice. I was not responsible for microeconomic policy. Responsibility for the design and implementation of specific economic policy schemes lay with other Director Generals of HM Treasury. The macroeconomic and fiscal work was relevant to this policy development as it assisted with identifying the broad economic impacts and risks from the pandemic. For example, analysis of the impact of the virus showed that:

95.1. there would be a strong need to support employment across all sectors of the economy;

95.2. public facing sectors would be particularly affected by the nature of the NPIs;

95.3. which demographic and socio-economic groups were particularly at risk.

96. This analysis informed the policy rationale for measures that were subsequently designed and developed in other parts of HM Treasury. The economic analysis produced across HM Treasury was one important input into the design of economic support packages, shaping their type, scale, speed of delivery and targeting. Colleagues in the relevant policy areas responsible are better placed to provide detail on the macroeconomic policy design for the specific schemes and interventions introduced during the pandemic.

97. Civil Servants are guided by the Civil Service Code, which requires them to uphold integrity and provide information to ministers that is impartial, factual, and objective. In line with the Civil Service Policy Profession Standards, they are expected to work constructively with ministers and where necessary, challenge and advise ministers to support decision making. This means equipping ministers with evidence-based and balanced options, highlighting a broad range of factors for consideration and ensuring recommendations are honest, practical and clear. I performed my role in line with the principles set out in the above Code.

98. It is a well-established part of a senior civil servant's role, to offer robust advice to support effective decision making. From what I observed, within HM Treasury, people expressed their views openly, engaged in debate and challenged thinking. During the pandemic I observed no barriers to the frank sharing of views and advice with the Chancellor and ministers.

Part I: Inequalities and vulnerable groups & Part J: Long Covid

99. Macroeconomic and fiscal advice and analysis relates to the economy as a whole. Matters relating to inequalities and vulnerable groups were the responsibility of HM Treasury's Equalities Policy Team, Equality and Living Standards Analysis Team, and the Tax and Welfare Directorate in HM Treasury as part of the policy development functions in the department. Similarly, matters relating to long covid sat in other parts of the Treasury and others who had responsibility for these, and any related policy design, will be better placed to explain any work in this area.

PART K: Analysis and Reflections

100. The nature of the crisis dictates the nature of the response. Economics provides a useful framework and toolkit to think through problems. In unique and fast changing circumstances, data and models need careful interpretation, and their limitations need to be understood.

101. The economy has a remarkable ability to adapt at speed. We saw huge changes over time in how people and businesses responded to the virus and to restrictions. Resilience and adaptability of the economy should be remembered by economists and policy makers as they face the next crisis. That said, the long-term economic impact of Covid is mostly the human impact, for example: departures from the labour market, lost education, and the damage to mental health. Further analysis is needed to help us understand the long-term economic impacts of these changes, and I would in particular highlight the importance of understanding and responding to the impacts on young people.

102. With the benefit of the longer timeseries data available now, or in the future, it would be a valuable exercise for rigorous cross country economic analysis of the economic policies undertaken to be assessed. Consideration would need to be given to when the best time would be to do this to learn the most. With more data and reflection, carefully designed cross country studies could valuably draw out insights and lessons on policy for the future.

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: 10 October 2025