

Name: The Rt. Hon. Sir Grant Shapps

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UK COVID-19 INQUIRY

Draft

WITNESS STATEMENT OF THE RT. HON. SIR GRANT SHAPPS

I, The Rt. Hon. Sir Grant Shapps, former Secretary of State at the Department for Transport, Great Minster House, 33 Horseferry Rd, London, SW1P 4DR will say as follows.

1. On 15 July 2025, David Hall, the Lead Solicitor for Module 9 of the UK Covid-19 Public Inquiry, wrote to me on behalf of Baroness Hallett. In that letter he made a request for a draft witness statement from me, under Rule 9 of the Inquiry Rules 2006.
2. I set out below a statement to provide an overview of my role and responsibilities as former Secretary of State for Transport, in relation to the economic response to the Covid-19 pandemic between 1 March 2020 and 28 June 2022.
3. This statement reflects my recollection of that time as well as my reflections on what happened, what worked well and the difficulties and challenges the Department for Transport faced. I have drafted this statement with the support of Department for Transport officials who have made documentation available to me to assist with recalling further detail. The views expressed within the statement however are my own. Where I had no or limited involvement in the areas requested, I have said so in the statement.
4. In preparing this statement I have had sight of the Department for Transport's corporate witness statement for Module 9, signed by Dame Bernadette Kelly, DCB, the former Permanent Secretary at the Department for Transport.

Part A: Roles and Responsibilities

5. On 5 May 2005, I was elected to the House of Commons as the Conservative Member for Parliament (MP) for Welwyn Hatfield. I held that seat until 30 May 2024. During my tenure as a MP, I held the following ministerial and shadow cabinet positions:
 - (a) Shadow Minister for Housing and Planning from 20 December 2007 to 6 May 2010;
 - (b) Minister of State for Housing and Local Government from 13 May 2010 to 6 September 2012;
 - (c) Minister without Portfolio and Chairman of the Conservative Party from 6 September 2012 to 8 May 2015;
 - (d) Minister of State for International Development from 8 May 2015 to 28 November 2015;
 - (e) Minister of State at the Foreign and Commonwealth Office from 15 July 2015 to 28 November 2015;
 - (f) Secretary of State for Transport from 24 July 2019 to 6 September 2022;
 - (g) Home Secretary from 19 October 2022 to 25 October 2022;
 - (h) Secretary of State for Business, Energy and Industrial Strategy from 25 October 2022 to 7 February 2023;
 - (i) Secretary of State for Energy Security and Net Zero from 7 February to 31 August 2023;
 - (j) Secretary of State for Defence from 31 August 2023 to 5 July 2024.
6. Prior to entering Parliament, I had a background in business, having built my own design and print business, which still operates to this day. This commercial grounding gave me a practical appreciation of the challenges faced by businesses during Covid-19, especially small and medium-sized enterprises (SMEs), and I brought that lens to bear on decisions made while in government.

7. For the purpose of this statement and most relevant to the issues in Module 9, I will focus on my role as Secretary of State for Transport, a role I held throughout the Covid-19 pandemic, from 24 July 2019 to 6 September 2022.
8. As Secretary of State for Transport, I had overall responsibility for all Department for Transport business. During the pandemic, I was responsible for overseeing the economic and operational resilience of UK transport networks - including rail, bus, aviation, freight and active travel - ensuring key worker mobility and supply chains continued to function.
9. Throughout the pandemic, my role evolved rapidly: from January 2020 to February 2020, it was focused on emergency planning and coordination with public health advice. As the crisis escalated, I led the Department's case to HM Treasury for funding schemes such as the Emergency Measures Agreements, Airport and Ground Operations Support Scheme, and Transport for London emergency packages. I also chaired daily ministerial meetings in the early stages of the pandemic, approved key spending decisions, and represented the Department for Transport at cross-government fora such as the Economic and Business Response Implementation Group. Further detail of my attendance at cross-government meetings is at paragraph 34.
10. Over time, my role shifted toward managing the restart of services and shaping longer-term recovery, including rail reform.

January – April 2020

11. Between January and April 2020, I was involved in shaping the Department for Transport's initial economic response to Covid-19. From March 2020, I received regular updates on sector vulnerabilities - especially aviation, international rail and bus - and was briefed daily as the crisis deepened. Examples of this reporting is provided at GS/01 - INQ000595617, GS/02 - INQ000623273 and GS/03 - INQ000623326. Key actions included authorising emergency planning for Operator of Last Resort in case of rail operator insolvency, leading discussions with HM Treasury to secure £2.9 billion for Emergency Measures Agreements and approving the early Department-wide Covid-19 Impact Plan in March 2020. This plan is exhibited at GS/04 - INQ000622821 and was designed to detail the arrangements that were in place to respond effectively to major disruption to key transport services, in the event of an escalated Covid-19 infectious disease pandemic.
12. From March 2020, I also oversaw the Department's initial aviation analysis (e.g. impacts on Heathrow and regional airports) and tasked officials to work at speed on options,

including early concept work on the Airport and Ground Operations Support Scheme. Exhibit GS/05 - INQ000595617 is an example of the initial analysis and ongoing monitoring, as well as the advice I tasked Department for Transport officials to draft. Departmental officials coordinated repatriation flights with the Foreign, Commonwealth and Development Office, and I personally chaired daily Covid-19 ministerial meetings at the Department through March 2020 and early April 2020. The first of these meetings was on 16 March 2020, and these continued until June 2020. The minute of the first meeting is exhibited at GS/06 - INQ000623264. In June 2020 new processes were put in place for reporting to Ministers, whereby updates were provided in writing, rather than via meetings.

13. With hindsight, the most significant constraint on early economic response to the pandemic was the uncertainty in January - February 2020 surrounding the likely duration and severity of the pandemic. That said, I believe the Department for Transport responded with urgency once the scale of the crisis became clear from February 2020 onwards.
14. The Department and I moved rapidly to support the rail sector, redesigning existing financial models, and seeking funding from HM Treasury. I authorised a Ministerial Direction in March 2020 to facilitate overspend and avoid breakdown in the transport system as shown in Exhibit GS/07 - INQ000595374. Within weeks, we had created new schemes for rail, buses and freight and were in advanced discussions over aviation support. These include the rail Emergency Measures Agreements, payment of the Bus Service Operators Grant at pre-Covid levels and the Covid-19 Bus Service Support Grant, and support for lifeline ferry and freight routes including transport links to the Isle of Wight and Isles of Scilly.
15. The Inquiry asked me to consider whether I could have done anything differently between January and April 2020 to prepare the initial economic response to the pandemic. Perhaps things could have been done differently - particularly in aviation, where we had to move from case-by-case engagement toward a more systemic approach. But overall, I believe the Department for Transport acted with agility, and I was proactive in ensuring momentum across the board.

Part B: Cooperation and Joint Working

Relationships as the Secretary of State for Transport

16. I had a good working relationship with both the Chancellor of the Exchequer and HM Treasury Ministers throughout the pandemic. Our engagement was constructive, especially around the urgent need to secure economic continuity for essential services. While there was natural tension over budgetary control, I found HM Treasury officials pragmatic and responsive.
17. For example, I wrote to the Chief Secretary to the Treasury on 18 March 2020 to make the case for the Emergency Measures Agreements and received agreement within days, which can be found at Exhibit GS/08 - INQ000595367. I also raised aviation concerns directly in a meeting with the Chancellor in March 2020, including the viability of regional airports. Further details of this meeting are outlined in paragraph 41. These conversations were essential in unlocking support like the Airport and Ground Operations Support Scheme and ensuring aviation was represented in cross-government economic strategy. While the HM Treasury rightly scrutinised proposals, I felt my direct access to senior ministers helped progress urgent decisions swiftly.
18. I had frequent contact with the Prime Minister and other Secretaries of State, particularly during the early crisis management phase. As a Cabinet Minister, I attended daily Covid-19 briefings and took part in Covid-related Cabinet and sub-committee discussions. Further detail of my attendance at these committees is at paragraph 34.
19. Collaboration with the Department for Health and Social Care, the Department for Business, Energy and Industrial Strategy, and Ministry of Housing, Communities and Local Government was particularly important - for example, in aligning on public health messaging, business continuity, and local transport resilience. Some issues proved contentious. An example was the traffic light system for international travel where there was a need to balance the objective of protecting public health while also reopening safe international travel. That was important to mitigate the economic, social and wider impacts of travel restrictions including on freight and the supply of critical goods. The Department for Health and Social Care and the Department for Transport worked closely together in order to ensure restrictive measures were proportionate to risk and operable in practice, though some tensions inevitably arose. However, I maintained good relations with my Secretary of State colleagues and cross-departmental working on economic matters was generally productive.
20. I also had good relationships with Senior Civil Servants across Whitehall. These links were critical for brokering support and ensuring the Department for Transport's sector-specific concerns were properly reflected in broader policy decisions.

21. While formal working-level coordination with the Devolved Administrations took place via official and ministerial forums, my direct contact with Devolved Administration transport ministers was more limited. Nonetheless, I was keen to ensure constructive engagement.
22. In March 2020, I asked for the Ministerial Forum with Devolved Administration counterparts to be set up and to be chaired by Minister Rachel Maclean. A *Four Nations Transport Response Group* was also established at an official level. These forums allowed issues to be raised and addressed collaboratively and supported consistency in cross-border transport policy where possible.
23. There were inevitably some policy divergences - for instance, different timing of restrictions or border controls - which I found sometimes frustrating and unnecessary, but the relationships remained functional and respectful throughout.
24. My direct engagement with senior Local Government officials was relatively limited during the pandemic. Instead, much of the engagement with Local Transport Authorities was delegated to junior Ministers and handled by officials within the Department. That said, I was aware of the importance of timely communication with city mayors and transport executives, especially during funding decisions related to bus services and light rail schemes. The Department for Transport worked with local leaders to understand operational pressures and distribute emergency support appropriately, though this sometimes exposed variation in capability and data availability across authorities.
25. I had extensive contact with transport industry stakeholders - especially in the rail, aviation, freight and coach sectors. Regular roundtables, bilateral meetings and correspondence were a core part of my role throughout the pandemic. These relationships allowed me to understand the ground truth of operational and financial pressures across the sector. The aviation industry, in particular, was proactive in raising concerns and proposing solutions. Feedback from rail operators and unions helped shape the Emergency Measures Agreements. Industry input informed our support packages and was crucial to effective implementation. While some lobbying was intense, these relationships were, on the whole, highly constructive.
26. The biggest challenge was coordinating with HM Treasury over the pace and scale of intervention - particularly in the early weeks of the pandemic. HM Treasury was understandably cautious about setting precedents for bespoke sector funding, and it required strong political engagement to move from case-by-case discussions to sector-wide support (as in rail or aviation). HM Treasury was operating in a challenging fiscal

environment with the uncertainty of the pandemic impacts. Exhibit GS/09 - INQ000251249 shows the principles HM Treasury established for government intervention over and above the existing cross-government schemes, and the need for any appropriate intervention to '*minimise economic distortion*' and '*protect the taxpayer's interest*'.

27. Another challenge was managing the high volume of direct lobbying, especially from the aviation sector. This required rapid triage and engagement, and the Department for Transport had to prioritise support based on impact and strategic value.

28. There were also occasional interdepartmental tensions around international travel restrictions, where the Department for Transport's economic considerations had to be weighed against public health advice. These issues were addressed through frank engagement and escalation when necessary.

Working with HM Treasury

29. Overall, I found the working relationship with HM Treasury to be effective, if not always easy. The Department for Transport's financial requests were subject to robust challenge, but the Department and I were able to make the case for early, large-scale intervention in rail and for targeted aviation and bus support. I appreciated HM Treasury's willingness to engage constructively on bespoke schemes like the Airport and Ground Operations Support Scheme and support for Transport for London. While negotiations could be protracted - especially on longer-term conditions related to the sustainability of Transport for London finances - the core relationship remained functional and responsive throughout.

30. In my view, HM Treasury was broadly transparent in sharing top-level fiscal data and scheme design principles, but less forthcoming in sharing underlying modelling or detailed sectoral assumptions. This approach is not uncommon with HM Treasury when working with other government departments. HM Treasury had a tendency to state an overall position but were less keen to get into the detail. That said, I did not generally experience information being withheld that prevented timely decision-making.

31. An example of positive collaboration was the swift sharing of the intervention principles developed for Economic and Business Response Implementation Group¹. These were

¹ As I explain below this was set up by Cabinet Office to address the economic and business issues caused by the pandemic on 17 March 2020.

drafted by HM Treasury and agreed at the Economic and Business Response Implementation Group meeting on 31 March 2020. Further details can be found at the paper in Exhibit GS/09 - INQ000251249. These principles helped define when bespoke financial support might be justified. HM Treasury was also responsive when I raised specific issues, such as the limited utility of the Covid Corporate Financing Facility for most aviation firms.

Communication with Other Government Departments

32. Informal channels were occasionally used, for example, I recall mentioning issues to the Chancellor on the way into Cabinet meetings in order to flag emerging issues or coordinate views in real time. These were useful for urgent matters but were not the primary means of decision-making, which still relied on submissions and official meetings. Typical examples might be where there was an upcoming decision and alerting a particular Secretary of State to look out for a request through formal channels might help meet the need for speed that the pandemic response required.

33. Informal coordination did help at times to align departments quickly on transport-specific asks to HM Treasury, particularly in the early months of the pandemic. That said, all key financial decisions were formalised through written processes, and I was clear about keeping a proper audit trail where funding was involved.

Decision Making Groups and Committees

34. I attended multiple decision-making forums throughout the pandemic. My attendance at meetings was dependent on my availability as well as relevance to my portfolio as Secretary of State for Transport. As mentioned above, I chaired daily Department for Transport ministerial meetings from March 2020 to early April 2020, and had standing representation on Covid-focused Cabinet sub-committees. The committees and groups are as follows:

(a) Cabinet - Chaired by the Prime Minister, I attended as a member of the Cabinet.

(b) COBR (M) - COBR is the Committee that co-ordinates decision making in the event of major or catastrophic emergencies. I attended COBR (M), which were ministerial level meetings.

(c) Economic and Business Response Implementation Group (EBRIG) - The Economic and Business Response Implementation Group was

set up by Cabinet Office to address the economic and business issues caused by Covid-19 on 17 March 2020. The Committee was chaired by then Chancellor of the Exchequer, Rt. Hon. Rishi Sunak MP, with Secretary of State for Business Alok Sharma as Deputy Chair. As Secretary of State for Transport, I was a standing member of the group. In this meeting I made the case for targeted intervention in transport and helped shape the economic priorities at a time of immense uncertainty. I also contributed to discussions on business continuity, sector resilience, and travel corridors. My briefing at Exhibit GS/10 - INQ000654613 for the meeting on 27 April 2020 provides some examples of the points I sought to land - for instance highlighting potential issues with transport companies accessing the Coronavirus Business Interruption Loan Scheme and raising concerns that the haulage sector was facing. These forums were instrumental in aligning the economic response across departments.

- (d) International Ministerial Implementation Group (IMIG) – This meeting was chaired by Rt. Hon. Dominic Raab, former Foreign Secretary, to focus on international coordination. I would attend these meetings when there was a transport focused agenda item, for example, repatriation of British Nationals.
- (e) Covid-19 Strategy Meeting – These were daily strategy meetings of key ministers, officials and advisers, chaired by the Prime Minister. I attended some of these meetings in my capacity as Transport Secretary, to provide an update on pressing transport issues.
- (f) General Public Sector Ministerial Implementation Group (GPSMIG) – This meeting was chaired by Rt. Hon. Michael Gove, the then Chancellor of the Duchy of Lancaster, to focus on preparedness across the rest of the public sector and critical national infrastructure. I would regularly attend these meetings and present papers relating to transport issues requiring agreement. An example can be found at Exhibit GS/11 - INQ000273208, where on 7 April 2020 I presented a paper 'Covid-19: Measures to protect the flow of critical goods into and within the UK', seeking agreement on the list of critical goods and measures to ensure freight routes remained open.

(g) Covid-O - This was the Covid Operations Committee. This was a key cross-government Ministerial forum for decision making on international travel policy decisions, where I regularly presented papers for agreement and decisions for endorsement.

35. I found the Economic and Business Response Implementation Group to be an effective mechanism for co-ordinating economic analysis during the early stages of the pandemic. It provided a clear structure, senior representation, and cross-Whitehall coordination. It was particularly helpful in allowing the Department for Transport to highlight sector-specific risks (e.g. collapse of air connectivity or freight supply chains) within a broader economic response. While not all decisions were made in that forum, it helped surface priorities and ensured that the Department for Transport had a seat at the table during critical stages. I believe its early convening by the Cabinet Office was a wise move.
36. I did not encounter any difficulties with gaining access to relevant meetings, information or analysis across government relevant to the economic response to the pandemic. I generally maintained good relationships around government. No issues of access or information prevented me from making timely decisions on providing financial support to the transport industry. Existing processes operated normally, and the Department for Transport was able to prepare and deliver the necessary financial support packages without delay.
37. Covid-O papers were generally circulated to me in advance of the meetings, but the speed of decision making meant that papers were not always provided as early as I would have liked.
38. On the economic response, I do not recall significant access difficulties with the Cabinet Office. Most engagement was with HM Treasury and worked effectively despite time pressures.
39. Regarding my role in the *Four Nations Transport Response Group Forum* and the Ministerial Forum, I would usually ask junior ministers to attend to listen to views from the Devolved Administrations. The arrangements were straightforward and worked satisfactorily given the stresses of the situation. The *Four Nations Transport Response Group* was an official level meeting and was made up of senior transport officials from Scotland, Wales, and Northern Ireland.

Part C: Cross Government Economic Support Schemes

40. I was consulted regarding cross-government economic support schemes such as the Coronavirus Job Retention Scheme, Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Scheme, the Bounce Back Loan Scheme and the Covid Corporate Financing Facility. They were HM Treasury schemes and so whilst I was consulted in terms of putting in the case for various schemes to assist the transport sector I was not typically involved in the detailed implementation of the schemes. In my view, this was expected.

Issues Facing the Aviation Sector

41. On 19 March 2020, I met with the Chancellor and HM Treasury officials to discuss possible funding support options for the aviation sector. Here I also raised issues that the aviation sector was facing. A readout of this meeting is at Exhibit GS/12 - INQ000595370. This view reflected the financial and traffic data presented to me by Department for Transport officials and the feedback the Department and I had received from industry representatives during March 2020. At that time airlines - Virgin, etc - were pulling out of major hubs like Gatwick Airport, and without assistance, both airlines and airports looked likely to fail entirely. Evidently, this was prior to the various financial support schemes coming into place.

42. During this meeting on 19 March 2020, the Chancellor and I discussed the United States' approach to financial support for the aviation sector, where the United States Government had recently announced c\$50 billion in rescue packages for airlines (further details can be found in Exhibit GS/13 - INQ000623296). I did not regard this approach as inherently more effective; the details and conditions were still evolving. My comment during the meeting that loans and equity were preferable reflected the principle that support should be temporary, repayable and protect taxpayers. My concerns were taken seriously by the Chancellor and HM Treasury, and the eventual UK approach (including UK Government Investments-led engagement and UK Export Finance-backed facilities) was consistent with that. I do not recall material divergence on the underlying approach and maintained a good relationship with the Chancellor and HM Treasury, both of whom were handling enormously complex problems across government at the time.

43. I received advice which outlined that transport providers were struggling to access or benefit from cross government economic support schemes. For example, the submission at Exhibit GS/14 - INQ000595369 notes that some airports and airlines faced Covid

Corporate Financing Facility eligibility issues where no public credit rating existed. Smaller regional airports and parts of the cruise sector also reported difficulty accessing Coronavirus Business Interruption Loan Scheme/Coronavirus Large Business Interruption Loan Scheme. These issues were passed on to HM Treasury through official level channels, where from March 2020 there was continued engagement between the Department for Transport and HM Treasury about the impact of the pandemic on the aviation sector. In the case of airports, this then helped Department for Transport officials make the case to HM Treasury for the need to develop targeted intervention for the sector, resulting in the Airport and Ground Operations Support Scheme.

44. On raising other concerns with HM Treasury and the Chancellor on how these schemes might support key transport operators, I raised that a bilateral approach with individual airlines could create expectations for direct financial support and stressed that any support should protect taxpayers through loans or equity rather than grants. I also emphasised the need for clear communication. This is noted in Exhibit GS/12 - INQ000595370.

45. In my view, these cross government economic support schemes addressed most of the needs of the transport sector. Where gaps existed - for example for smaller airports - the Department for Transport supported targeted measures such as the Airport and Ground Operations Support Scheme and used policy easements, for example implementing legislation ensuring that airlines did not have to operate flights at least 80 per cent of the time to retain their slots at airports (also known as slots alleviation).

Part D: Project Birch

46. My role in considering requests which came in under Project Birch, including from the aviation sector, was limited to reviewing the submissions and confirming that the Department for Transport's perspective had been reflected before they were sent to HM Treasury. Exhibit GS/15 - INQ000654741 is an example of the advice I received and my role in the process.

47. I was not directly involved in assessing cases under Project Birch. The Department for Transport supported aviation cases into Project Birch using a standard triage template and criteria. UK Government Investments/HM Treasury undertook financial assessment and made decisions; many cases were redirected to wider schemes as they became available. Only Celsa Steel UK ultimately received Birch funding.

48. The criteria for Project Birch were determined by HM Treasury. I did however consider them appropriate in the circumstances, given that money was not freely available to hand out.

Part E: Emergency Measures Agreements and Emergency Recovery Measures Agreements

49. Emergency Measures Agreements were entered into with privately owned franchised train operating companies to mitigate the financial impacts resulting from the pandemic and to ensure that rail services could continue to operate. These were later replaced by the Emergency Recovery Measures Agreements. Alternative mechanisms of financial support for train operating companies were considered by Department for Transport officials. These included options of allowing franchises to fail with rapid Operator of Last Resort mobilisation, railway administration, targeted cost relief and direct cash injections.

50. The Department's Investment, Portfolio and Delivery Committee (IPDC) recommended Emergency Measures Agreements as the quickest, lowest-risk way to maintain services while keeping control over spend, shown in Exhibit GS/16 - INQ000622862. I accepted this approach on 18 March 2020, which can be found at Exhibit GS/17 - INQ000610332.

51. Given the urgency, Emergency Measures Agreements were offered on a consistent basis following HM Treasury Heads of Terms on 20 March. Operators indicated acceptance within days. For Emergency Recovery Measures Agreements, the Department engaged formally with each operator from late August 2020 under an agreed framework.

52. As I have said, although the option of taking the railways into public ownership was considered instead of entering into the Emergency Measures Agreements and the Emergency Recovery Measures Agreements, simultaneous transfer of multiple franchises at speed was judged high risk for continuity and could have been higher cost. The Emergency Measures Agreements and the Emergency Recovery Measures Agreements kept services running while preserving the option to move any operator to Operator of Last Resort if needed.

53. Emergency Measures Agreements and the Emergency Recovery Measures Agreements oversight used a standard scorecard and management-fee framework. Performance evidence was collated and moderated, with independent input, to ensure consistency. I believe this provided a clear audit trail and would be a workable model for any future scheme.

54. In my view, some of the strengths of the design and implementation of the Emergency Measures Agreements and the Emergency Recovery Measures Agreements were that the design used simple amendments to existing contracts. The Government took the revenue and cost risk, and fees were capped with a performance element. Furthermore, implementation was rapid in March 2020, and monitoring used a documented scorecard with moderation. In terms of weaknesses, a limitation was that, at the outset, uncertainty prevented a full quantified value-for-money assessment. Emergency Recovery Measures Agreements then replaced Emergency Measures Agreements as a bridge to the new model. The measures maintained essential services, avoided disorderly failures and allowed timetable changes to track demand.
55. A lesson for the future, is to pre-define stress triggers and develop template terms so negotiations can be shortened if required again. In the event of a future economic crisis, a set of predefined financial-stress triggers and standardised support templates would help to shorten future negotiations with train operating companies. I would also link future funding with fundamental reform of outdated practices on the railway.
56. In considering financial support for open access rail operators (these are services which are operated on a commercial basis by private companies), they were outside the Emergency Measures Agreements framework. This was consistent with HM Treasury principles, where bespoke support required meeting strict criteria. A Grand Central proposal did not proceed because the criteria were not met. Instead, business hibernation (a temporary suspension of a business to pause all costs) and the use of cross-government schemes, such as the Coronavirus Business Interruption Loan Scheme and the Covid Corporate Financing Facility, were considered viable and avoided service gaps.

Part F: Airport and Ground Operations Support Scheme

57. The Department for Transport announced the introduction of the Airport and Ground Operations Support scheme on 24 November 2020. The scheme was presented to HM Treasury on 18 September 2020. It was not launched in September 2020 (or indeed earlier) because additional time was needed to agree the final design of the Scheme with HM Treasury, and to put in place the necessary administrative systems, such as the online application portal.
58. Heathrow Airport wrote to the Department of Transport regarding business rates support in February 2021 and I had sight of this correspondence – see Exhibit GS/18 -

INQ000626316. From my recollection, the cap had already been agreed with HM Treasury for fiscal reasons, and I relayed that position in response to the airport, exhibited at GS/19 - INQ000626317. In my view, Heathrow Airport had sufficient resources to handle the situation, and it would not have been right to displace their own shareholder responsibilities.

59. The £8 million cap per application inevitably limited the relative benefit for the largest airports, like Heathrow, Gatwick, Manchester and Stansted Airports. Nevertheless, I did not pursue a higher figure because the overall budget was finite. In my view, it was right for shareholders to share the burden.

60. Regarding extending the Airport and Ground Operations Support Scheme to other modes such as rail and maritime, officials at the Department for Transport did consider the requests, and from my recollection, after discussions with HM Treasury, concluded that extending the scheme would stretch resources and complicate delivery. In the case of Eurostar, which is largely a French company, I told the French Transport Minister that the solution would need to be through the French, rather than British taxpayer. A summary of my views at the time can be found at Exhibit GS/20 - INQ000654740.

61. I have been asked to comment on whether applicants faced 'bureaucratic hurdles' in accessing the Airport and Ground Operations Support Scheme. The documentation was detailed but proportionate to protect public funds. I am satisfied that the balance was broadly correct, as this was taxpayer's money.

62. In my view, the number of commercial airports and ground handling companies that were successful in obtaining grants from the first Airport and Ground Operations Support Scheme was consistent with the eligibility criteria. The numbers do not indicate a flaw in the process, given there are only a limited number of very large airports in England.

63. I have also been asked to reflect on the use of second and third iterations of the Airport and Ground Operations Support Schemes, rather than one application and award process. In hindsight, I believe the most significant constraint on early action was the uncertainty surrounding the likely duration and severity of the pandemic in January - February 2020. That said, I believe the Department for Transport responded with urgency once the scale of the crisis became clear. I think it is easy to rewrite history knowing the length and extent of the crisis retrospectively, but combining the scheme would have assumed a level of certainty that did not exist.

64. From my recollection, the second and third Airport and Ground Operations Support Schemes did incorporate lessons learned from the first scheme, including updating the guidance notes to provide clarifications on questions raised by applicants, simpler application forms and clearer guidance to applicants on how to use the application system, reducing overall processing times. Department for Transport officials managed any questions and issues, and I was not involved in addressing them.
65. On the strengths and weaknesses of the first, second, and third Airport and Ground Operations Support Schemes, I had limited involvement in the details of the scheme design and implementation as this was primarily handled by the Aviation Minister, HM Treasury and Department for Transport officials.
66. Similarly, I cannot comment on whether the first, second, and third Airport and Ground Operations Support Schemes were an effective mechanism to support commercial passenger airports and ground handlers during the pandemic. As Secretary of State, I was keen that the scheme was put in place, but the every-day implementation was handled by the Aviation Minister.
67. On balance, and again with the benefit of hindsight, I tend to think that the UK's lockdowns went on too long - even though they were shorter than in other western nations. I think as a result, the Department for Transport had to continue to provide support for longer than was desirable. However, the rebound in travel in nearly all sectors demonstrates that the support the Department provided to keep most operators going may well have been the right decision, especially given the incomplete information at the time.
68. International comparisons of support provided to aviation sectors by other governments was closely monitored and I would engage with my opposite numbers in other countries to exchange best ideas. I believe we tried to learn from each other in this regard. For example, Exhibit GS/21 - INQ000654614 outlines a meeting with my United States counterpart on 24 February 2021, where we discussed supporting the return of international travel and collaborative working between the United States and the UK to develop solutions.

Part G: Transport for London Funding

Working Relationships with Transport for London

69. I do not accept that declining levels of central government support in the years prior to the pandemic impacted the relationship between the Department for Transport and Transport for London, or this resulted in a lower level of familiarity and understanding of Transport for London's finances and operations. My recollection is that the funding for Transport for London had been transferred to the Mayor to allow London to keep more of its business rates and therefore pay for more of its transport needs.
70. During the negotiations for Transport for London's funding packages, I was faced with a position whereby central government was providing billions to keep Transport for London on its feet. In my view, the Mayor of London did not always appear appreciative, despite the fact that we were all confronting the same unprecedented challenges. While I worked to take politics out of what was a national crisis, the Mayor repeatedly chose to brief the press and pursue political advantage. Transport for London had entered the pandemic in a weakened financial position, having been subject to years of frozen fares that, once inflation was taken into account, had eroded its resources. When the Government stepped in with multi-billion-pound support, a significant part of that taxpayer funding was effectively filling the gap created by this failure to maintain fare income. In addition, the Mayor's claim that a Government subsidy had previously been withdrawn was misleading: in reality, that settlement had been replaced by London retaining a share of business rates. Nonetheless, throughout the crisis, the Mayor consistently turned to the media - leaking letters, briefing discussions and, in doing so, making it more difficult to have the constructive and grown-up dialogue that was required to place Transport for London on a sustainable footing.

Working Relationships with Cabinet Office and HM Treasury – Transport for London Funding

71. Throughout the four funding packages provided to Transport for London during the pandemic, the Department for Transport managed a tight sequential clearance chain with HM Treasury and the Cabinet Office. From my recollection, HM Treasury set the cash ceiling, while the Cabinet Office - chiefly via the Economic and Business Response Implementation Group and Covid-O - checked cross-government consistency, and no draft could be shown to Transport for London until both departments had signed-off.
72. Day-to-day, Director-level trilaterals and ad-hoc ministerial "quads" were cordial but exacting; HM Treasury interrogated revenue and savings assumptions, and the Cabinet Office benchmarked proposals against wider Covid schemes. Looking ahead, a published tri-department protocol with fixed timelines, early parallel technical engagement with Transport for London once a fiscal ceiling is set, and pre-agreed

trigger-based top-ups would preserve fiscal discipline while avoiding avoidable re-work in any future crisis.

Funding Conditions on Transport for London

73. I do not accept that the reporting process or requirements were onerous or repetitive.

The settlements mobilised more than £5 billion of taxpayer support, so proportionate oversight was essential. The core monthly finance pack, patronage data and efficiency trackers mirrored information Transport for London already produced for its own Board and aligned with standard HM Treasury gateway controls. Additional studies - such as examining automated-train operation - were forward-looking tests of options to boost long-term productivity and resilience; they were timetabled alongside existing strategic reviews and did not impede day-to-day operations. A single, multi-year settlement could in theory have cut transaction costs, but reliable demand and revenue forecasts were not available in the depths of the pandemic, so phased agreements with layered reporting remained the most prudent way to safeguard public money while giving Transport for London the support it needed.

74. Grant funding support became the default for Transport for London within two weeks of the March 2020 lockdown once fare-revenue collapse was clear. Earlier adoption would have required firmer forecasts than were available, so I do not consider recognition of grant funding as the 'only realistic option' for financially supporting Transport for London materially late. That said, a standing Memorandum of Understanding setting out trigger points, data requirements and a standard grant template would remove the need for bespoke negotiation and could unlock funds more quickly in any future pandemic.

75. Regarding the multiple funding settlements for Transport for London and the short-term nature of them, in my view they did generate extra paperwork and some uncertainty, yet they also allowed the Government at the time to adjust support in line with rapidly-changing ridership. In a future crisis, I would favour an initial six-month package backed by a simple revenue top-up formula and clear claw-back rules: this would give Transport for London certainty while still protecting the taxpayer.

Reflections on the Transport for London Funding Packages

76. There were strengths and weaknesses in the design and implementation of the four funding packages provided to Transport for London.

77. In my view, the strengths were that:

- (a) Funding was released fast enough to avert insolvency;
- (b) The conditions tied support to savings and reforms;
- (c) The revenue top-up aligned cash with actual demand.

78. The weaknesses of the design and implementation were:

- (a) Sequential clearances which extended negotiations;
- (b) The short duration which created repeated cliff-edges;
- (c) Some late-stage policy asks which added complexity.

79. In terms of lessons learned, I would suggest combining a longer initial term (e.g. 12 months) with a pre-agreed conditional framework to keep oversight while cutting transaction costs. In particular, it is vital that future arrangements are conducted in a spirit of collaboration rather than confrontation. During the pandemic, progress was often hampered by public political positioning and media briefings that undermined private negotiations. A more effective approach would be to keep such discussions focused on the shared objective of maintaining a resilient transport system for London and the country, rather than allowing short-term political point-scoring to intrude.

80. In the event of a future economic crisis, to improve how support is targeted for Transport for London, I would recommend the following:

- (a) Publish a contingency protocol with automatic revenue-support triggers;
- (b) Embed a joint HM Treasury - Department for Transport - Transport for London monitoring board to oversee a single medium-term settlement;
- (c) Use a transparent formula tied to passenger income so that discussions focus on exceptions rather than baseline funding.

Part H: Data and Modelling

81. I relied on dashboards of London Underground and London bus ridership, weekly Transport for London cash-flow projections and scenario modelling produced by Department for Transport analysts. For example, the revenue top-up formula in the

Transport for London settlements were calibrated against three demand scenarios (central, severe and optimistic) and updated each month as actual data arrived. Similar approaches were used for national rail Emergency Measures Agreements and for airport business-rates relief.

82. On limitations of data availability or quality of data, I recall real-time data feeds from Transport for London were still being built in Spring 2020, so demand estimates initially relied on past manual counts and Oyster data, which carried a wide margin of error for predicting future travel and income. There was also no established benchmark for pandemic behaviour, making long-range modelling inherently uncertain.
83. In my view, the Department for Transport and HM Treasury officials made adequate use of data, economic modelling and other scenario analysis in their economic response to the pandemic. Given time pressures, in my view, both departments used the best data available and refreshed assumptions frequently. For example, HM Treasury accepted the Department for Transport's rolling ridership series as the basis for top-ups and adjusted the fiscal envelope at each settlement accordingly.

Part I: Inequalities, Impact Assessments and Vulnerable Groups

84. For the ministerial submissions I received, Department for Transport officials paid due regard to the Public Sector Equality Duty (under the Equality Act 2010) and if there were equality issues to consider, officials provided further information so I could take informed decisions in light of the duty. Specific examples included assessing how service reductions might affect lower-income shift workers, and how bus-route support protected outer-London communities with limited alternatives, shown at Exhibit GS/22 - INQ000595589. For substantial policy decisions, more detailed analysis was shared with me, for example at Exhibit GS/23 - INQ000527767, which shows an assessment of the possible impacts on protected characteristics of adopting the phased approach to international travel recommended in the Global Travel Taskforce report.
85. In terms of the challenges I faced, time constraints limited the depth of distributional analysis of the impact of the pandemic on different groups and regions across the country. The Department for Transport and I mitigated this by using National Travel Survey data, which provides data on travel by location, gender, age and disability and by commissioning fast external reviews. In a future emergency, I would invest earlier in a real-time mobility dataset to allow finer-grained assessment.

86. I believe national schemes such as the Job Retention Scheme and the uplift in Universal Credit provided broad-based protection for economically vulnerable groups. While some groups (e.g. self-employed drivers) required additional attention, I believe the Government's transport measures were sufficiently inclusive.

Part J: Lessons Learned

87. In terms of recommendations that I would put forward to the Chair to improve the economic response in the event of a future pandemic, I would suggest the following:

- (a) Maintaining a pre-agreed crisis-funding playbook with standard data templates;
- (b) Establishing a small cross-government transport resilience unit;
- (c) Requiring each scheme to publish clear sunset and review dates.

88. I believe the above would speed decisions and improve transparency, without adding bureaucracy.

Part K: Request for Documents

Informal Communications

89. During my time as Secretary of State, my primary way of communicating decisions was via printed papers in my box. Between 1 January 2020 - 28 June 2022, to communicate about the economic response to the pandemic, I also used the official Department for Transport email system for substantive business, communicating decisions to my Private Office, and, occasionally, standard SMS and WhatsApp messages for routine logistics to organise with my Private Office. For example, messages about my box being delivered at a certain time.

Emails

90. I understand that relevant emails have been identified by Department for Transport officials and provided to the Inquiry through the Department's document disclosure process.

Diary and Notebook Records

91. Any diary and notebook entries within scope for Module 9 were supplied in the standard Cabinet Office return; I hold no additional records.

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: 15 October 2025