

# OPUS2

Scottish Covid-19 Inquiry

Day 67

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1 Tuesday, 3 December 2024  
2 (10.00 am)  
3 MR TURNER: Good morning, my Lord.  
4 THE CHAIR: Good morning, Mr Turner. Now, you have a  
5 witness for us?  
6 MR EWAN MacDONALD—RUSSELL (called)  
7 MR TURNER: We do. The first witness today is  
8 Mr Ewan MacDonald—Russell, representing the Scottish  
9 Retail Consortium.  
10 THE CHAIR: Good morning, Mr MacDonald—Russell.  
11 THE WITNESS: Good morning, my Lord.  
12 THE CHAIR: When you're ready, Mr Turner.  
13 Questions by MR TURNER  
14 MR TURNER: Thank you, my Lord. Before I begin,  
15 Mr MacDonald—Russell, can I just give you a reminder  
16 that today's hearing will be transcribed and if I could  
17 ask you please to speak slowly and clearly, that will  
18 help the stenographers greatly. Could you please state  
19 your full name.  
20 A. Ewan Alan MacDonald—Russell.  
21 Q. For the record, that's Ewan with a W and an A?  
22 A. W and A.  
23 Q. And MacDonald with an AC and a capital D?  
24 A. That's correct.  
25 Q. Russell with two Ss and two Ls.

1

1 A. That's correct.  
2 Q. That's a good start. Now, you have provided a written  
3 statement to the Inquiry, and for the record, that is  
4 SCI—WT0613—000001. That was a statement given jointly  
5 with David Lonsdale, director of the Scottish Retail  
6 Consortium; is that correct?  
7 A. That is correct.  
8 Q. As set out in your statement, you are the deputy head of  
9 the Scottish Retail Consortium; is that correct?  
10 A. Yes, that's correct.  
11 Q. You have been there for eight years?  
12 A. Eight years, yes.  
13 Q. Could you tell us what does that role involve?  
14 A. So I work alongside the SRC director, really dealing  
15 with devolved public policy on behalf of the Scottish  
16 Retail Consortium, and helping our members for public  
17 policy advocacy, expressing things to the media, to  
18 journalists, parliamentary engagements, and any and all  
19 other things that come within that aegis.  
20 Q. Thank you, I'm going to ask you this morning,  
21 Mr MacDonald—Russell, about some things that you have  
22 raised in your statement. We have discussed everything  
23 in statements, and indeed any other documents that have  
24 been provided to the Inquiry will be taken into account,  
25 even if not touched upon today.

2

1 First of all, you have described in your statement  
2 that SRC is a trade association for Scotland's  
3 retailers?  
4 A. Yes.  
5 Q. Could you tell us who its members are in terms of the  
6 numbers and types of organisations?  
7 A. Of course, so the Scottish Retail Consortium, firstly  
8 it's the Scottish brand of the British Retail  
9 Consortium. It's the same organisation. We just cover  
10 the Scottish element of that. We have around 300  
11 members, comprising in total something like 75% of the  
12 industry. It's a very broad spectrum of retailers, so  
13 that goes from high street department stores, fashion,  
14 beauty businesses. It includes supermarkets and  
15 grocers, quick service restaurants, cafes, pet foods,  
16 electronics. If it's on a high street, on a retail  
17 park, it's also there.  
18 We also represent pure online businesses as well,  
19 and on top of that, we also have a number of  
20 sub—sectoral trade associations who are members of  
21 our — people like the Grocers' Federation, the  
22 horticulturalists, book sellers, and so forth.  
23 So as a consequence, we have a fairly clear  
24 relationship, a direct representational duty towards  
25 pretty much every type of retailer going, and I think I

3

1 have probably explained, it's a very diverse industry.  
2 Q. You said there, you covered both what would be described  
3 potentially as traditional businesses and online  
4 businesses.  
5 A. Yes, and that was a distinction that probably got — was  
6 a little bit blurred before the pandemic. It becomes a  
7 lot more blurred as we go through the course of it, and  
8 I think these days, there are very few retail businesses  
9 that are pure bricks and mortar in the old—fashioned  
10 sense. They are all some combination, either of online,  
11 multi, or omni—channel. So it is an evolving space and  
12 a very competitive one.  
13 Q. Thank you, and you mentioned there that you're part of  
14 the British Retail Consortium, so that's a pan—UK  
15 organisation?  
16 A. Yes. So that's based in London, and that's where we  
17 have our policy leads and so forth. We also have brands  
18 in Wales and in Northern Ireland. David Lonsdale, the  
19 Scottish Retail Consortium director, is also head of  
20 devolved affairs for the British Retail Consortium.  
21 So we work hand in glove with our colleagues down  
22 south and again in Cardiff and Belfast, and that's  
23 partly so we can bring the Scottish angle towards public  
24 policy to our members.  
25 Q. I am grateful. You said there that obviously you have

4

1 representation within the four nations; in terms of the  
2 locations of your members, are they in any particular  
3 area?

4 A. We have a — the nature of the retail industry is that  
5 they are almost literally everywhere, so pretty much  
6 every community, whether that's in the city centre,  
7 whether that's in far-flung parts of Scotland and the  
8 Islands, or Orkney or Argyll, there will be a shop of  
9 some form that's probably a member of ours.

10 The nature of that, of retail itself, is firstly,  
11 it's very far flung. Secondly, retail works on  
12 agglomeration of scale, so if you have a great retail  
13 model in a single premise, it tends to be you will scale  
14 that up to multiple locations, to kind of reach  
15 effectively as much as of the market as you can.

16 So some sectors, that will be much more limited.  
17 You don't need a shop these days in every single high  
18 street in the country. If you're selling food and  
19 drink, you probably do want to be in almost every  
20 community in the country.

21 Q. I'm grateful. You've given us there, just from your  
22 membership, a bit of an idea in terms of the types of  
23 businesses that are involved in retail. Are you able to  
24 help us understand the nature of retail in Scotland, for  
25 example, how many businesses are there?

5

1 A. So the most recent Scottish Annual Business Surveys,  
2 which are based on the 2022 data reported that turnover  
3 that year was £27.8 billion; that there were 227,000  
4 retail workers; and there were 22,500 shops in Scotland  
5 at that time. That number is slightly down on the  
6 pre-pandemic number, not kind of massively different,  
7 and this is obviously a scale that is absolutely in  
8 every part of the country as well.

9 Q. I am grateful. You are obviously here to discuss the  
10 COVID-19 pandemic. I would like to now just have a  
11 discussion about what might be described the initial  
12 stages of the pandemic. We obviously come on to discuss  
13 matters such as lockdown, but I wonder if you could tell  
14 us about the period before lockdown first of all. Were  
15 there any signs of concern that were raised in the  
16 retail sector prior to — or in the initial stages?

17 A. So I think the first time we realised that there was  
18 something very significant happening was about 6 March,  
19 we started to get press inquiries about so-called panic  
20 buying. There was consumption levels rising. We  
21 believe — I will try to recall — that was driven by  
22 lockdowns we were seeing elsewhere in Europe, places  
23 like Italy, and in general there was quite a lot of  
24 media attention and discussion.

25 So we were getting questions about how stores were

6

1 responding, and we absolutely were seeing very elevated  
2 levels of consumption by consumers, things like toilet  
3 rolls, pasta, paracetamol, and selling in unforeseen  
4 amounts. Scottish retail sales data from the first two  
5 weeks of March 2020 showed a 9% uplift in sales. That's  
6 a very significant amount for us, albeit the numbers  
7 were about to get quite — quite broad, when we start  
8 talking about what happens later.

9 So we were definitely seeing that, and that was  
10 something that was a real challenge for us. We were  
11 seeing buying that we weren't used to, very unusual, and  
12 with no notice at all. So that definitely was what our  
13 members were reporting, and we were trying to do what we  
14 could do publicly to calm that, but also engaging the  
15 government who obviously were seeing the same things and  
16 wanted to know what was happening.

17 Q. What was that engagement?

18 A. At a UK level, we were speaking to the UK Government and  
19 DEFRA. On 11 March, we had a call with the rural  
20 economy secretary, I think something like 30 of our  
21 members, where we spoke firstly about the challenges we  
22 were seeing. We reassured that supply chains themselves  
23 were completely fine. We weren't having supply issues.  
24 It was just overpurchasing which we weren't used to.

25 And we asked for a couple of derogations from the

7

1 Scottish Government. We asked for relaxations on the  
2 rules around when shops could open, and in particular,  
3 when deliveries could be made. A lot of city centre  
4 stores have restrictions which mean you can't deliver at  
5 night, so you don't disturb local residents, which is a  
6 very reasonable kind of thing.

7 We asked if that could be removed from that. In  
8 that kind of call, we made similar requests to the other  
9 four nations.

10 And I think it's really worth noting at this point  
11 that we had the rather extraordinary situation, which by  
12 I believe 4 o'clock that day, the chief planner had  
13 issued a letter essentially instructing local  
14 authorities not to enforce those restrictions, and  
15 bearing in mind government would normally take months to  
16 decide what it might be doing in its place, the fact  
17 that within in a day we got a very clear action was  
18 simultaneously really heartening. I think it  
19 demonstrated the relationships that the food and drink  
20 division and the grocery retailers had. I would also  
21 say, though, it probably made us realise how worried  
22 everyone was, if we were having things happening at that  
23 pace.

24 Q. It's implicit from that then that there was a positive  
25 reaction from the government in terms of your requests?

8

1 A. Yes. They were very much trying to understand what  
 2 could we specifically do and how could we tangibly make  
 3 a difference. There were various discussions about  
 4 messaging as well. We were obviously doing a lot of  
 5 messaging in articles, talking about trying to just  
 6 reassure customers that there was plenty of stuff;  
 7 trying to --- things put in the Daily Mail --- reach to  
 8 customers' altruism rather than their fear.  
 9 So that was where government were coming from. They  
 10 supported us with that. They were also putting  
 11 messaging out that was consistent with that, and I think  
 12 that was very helpful. And again, I say that partly  
 13 particularly because the food and drink division for  
 14 certainly the previous four years I had been at the SRC,  
 15 we had worked closely and we had engaged with a lot of  
 16 issues. They knew who we were. We had an existing  
 17 dynamic, and that meant when we kind of had to go and  
 18 say, "We really need your help", government knew we were  
 19 being --- I hope they felt we were being reasonable, but  
 20 knew we weren't coming from an unreasonable position.  
 21 Q. Thank you. Those flexible arrangements, those were put  
 22 in place on 11 March. Did those continue and how long  
 23 for?  
 24 A. I think it was --- they sort of --- the letter kind of  
 25 gave us a latitude on it. It was only something we

1 really needed to do in that particular panic buying  
 2 session. I cannot recall off the top of my head when  
 3 they actually were removed, but I would say that members  
 4 probably wouldn't have wanted to take these steps unless  
 5 it was actually required. You don't want to deliver at  
 6 night because if you are running a shop, you don't want  
 7 to annoy all the local residents, because they won't  
 8 come and shop with you.  
 9 Q. That's on 11 March and the period immediately after, and  
 10 we know lockdown occurred on 23 March. You described in  
 11 your statement the intervening period as a slow motion  
 12 towards lockdown; can you explain what you mean by that?  
 13 A. So obviously we were seeing a lot of consumer behaviour.  
 14 We were following what both the UK and the Scottish  
 15 Government were saying, and the mood music that was  
 16 happening, understanding the direction of travel, and  
 17 how we felt that some form of lockdown seemed certainly  
 18 plausible.  
 19 So customers were responding to that. They were not  
 20 going out and doing things. They were responding to the  
 21 health advice. So one of the consequences was some of  
 22 our members, particularly quick service restaurants,  
 23 were looking at this going --- and I think it was a --- we  
 24 don't really understand what's happening, we want to  
 25 keep our colleagues safe. Also, of course, trade was

1 falling off a cliff as well, so they were voluntarily  
 2 closing, not in a coordinated manner, and indeed it  
 3 would have been very illegal for us to do it in a  
 4 coordinated manner, but they were brand by brand, slowly  
 5 closing doors, sending colleagues home, because I think  
 6 genuinely they felt it was the right thing to do in the  
 7 moment. I think we were aware this was an extraordinary  
 8 situation.  
 9 Q. That's businesses beginning to close even before they  
 10 were ordered to do so?  
 11 A. Yes.  
 12 Q. Then we come to 23 March, and we have the first  
 13 lockdown. I would like to ask you some questions now  
 14 about that lockdown and the effect on the operations of  
 15 the retail sector. Did all businesses lock down at that  
 16 point?  
 17 A. So the nature of --- I think probably for both this  
 18 lockdown, indeed for the next two --- 18 months, David  
 19 Lonsdale's and our job was primarily advising members  
 20 how they could trade. The nature of retail meant that  
 21 there were --- there's a distinction made between  
 22 so-called essential and nonessential retailers, a  
 23 slightly arbitrary distinction.  
 24 It is probably worth just highlighting, of course,  
 25 that businesses could still trade online, so retailers

1 that had a pure online presence, although they had to  
 2 comply with the new health and guidance restrictions,  
 3 still could trade. Grocery retailers, pharmacists, pet  
 4 food and a few others were still able to trade in store,  
 5 but obviously under very strict rules about keeping  
 6 people safe, strict rules which we were indeed  
 7 supporting and working on as well.  
 8 So you had this kind of middle group of retailers,  
 9 some of whom may have had a small online presence, some  
 10 of whom may have never traded online before, who  
 11 suddenly were being told: you certainly can't trade in  
 12 this way. So I don't want to be pedantic in that, but  
 13 it changed how businesses traded, but I think most  
 14 retailers had the option to trade online pretty much  
 15 through the pandemic, albeit with some quite significant  
 16 restrictions.  
 17 Q. Thank you. You reference there a distinction between  
 18 essential and nonessential retail; are you able to  
 19 explain the difference between those two?  
 20 A. I will try, although I think this is something we have  
 21 tried to explain for 18 months, and --- in a nutshell,  
 22 the distinction made by government was on items that  
 23 customers would absolutely have to get. So food and  
 24 drink, and the businesses that predominantly would sell  
 25 those products.

1 That predominant later becomes a question. We saw  
 2 some brands who might have a very small food offering,  
 3 claiming that they were eligible to open. So on the  
 4 margins, this became messier as things went on, and of  
 5 course the pressure to trade came on. In the first  
 6 lockdown, I don't think there was a lot of — it almost  
 7 felt a little bit obvious, in the sense that if you're a  
 8 supermarket or a food retailer, that meant you're  
 9 selling essential stuff. If you only sell non—food  
 10 products, that means you are nonessential.  
 11 That was the slightly arbitrary kind of line within  
 12 that, again with those caveats for pharmacies,  
 13 obviously, and businesses selling animal and pet food  
 14 and so forth.  
 15 Q. Did your members find it — you mentioned there about at  
 16 the start, it seemed obvious, as the pandemic  
 17 progressed, or indeed at the start, did your members  
 18 find it a useful distinction?  
 19 A. I think as it went on, the anomalies become more  
 20 challenging, because the consequence of lockdown was so  
 21 significant. If your physical business is closed down,  
 22 if the colleagues who used to work there are furloughed  
 23 or not available, that you meant you have enormous  
 24 costs, but your income is massively reduced. The income  
 25 conversely of businesses that could trade was broadly

13

1 slightly up, and that was because they were the only  
 2 place that people could kind of shop with.  
 3 So the advantage — there was definitely an  
 4 advantage of trading, not least just your business has  
 5 cash coming through it rather than being reliant on  
 6 loans or financial support. And I would say at all  
 7 times, our members' predominant ask was: if it was safe  
 8 we would like to trade. So there was always that kind  
 9 of pressure.  
 10 And I think those kind of marginal cases became the  
 11 one where a business would say: well, I sell this amount  
 12 of food or not this amount of food. And that's where it  
 13 probably got a bit messier on the edge of that. And of  
 14 course some businesses were very frustrated if they felt  
 15 a competitor had an advantage they didn't. The retail  
 16 industry is very competitive by nature. Everybody wants  
 17 to beat the next store, everyone wants to beat the next  
 18 brand. So there were always going to be those tensions  
 19 within that.  
 20 Q. I'm grateful. You have mentioned there — in fact you  
 21 have mentioned a couple of times online retail, and you  
 22 mention in your statement businesses pivoting to online  
 23 trade reflecting that. One of the schemes that was  
 24 online was the shielding lists, and the delivery of food  
 25 through online deliveries to those that were shielding.

14

1 Were your members involved with those schemes?  
 2 A. We were involved in those schemes on a four nations  
 3 basis.  
 4 Q. That was going to be my next question: was that across  
 5 the UK then?  
 6 A. Yes.  
 7 Q. Were those schemes UK—wide or were they nation—specific?  
 8 A. They were done on a nation—specific basis, and I think  
 9 it's worth noting that created challenges for our  
 10 members. For a lot of the cases, they were having to  
 11 find new customers. A lot of people who were on the  
 12 shielding list weren't existing customers, so they were  
 13 given the kind of data and details, and obviously wanted  
 14 to prioritise deliveries to these people.  
 15 They were doing it in four different ways.  
 16 I believe the data came under four different sets of  
 17 rules about — it could be handled, the different  
 18 agreements and that — and it was — I can't really  
 19 think of a better way to say it, it was quite a faff to  
 20 get it all organised into a single database, but to do  
 21 it in a way that meant that in the future, of course,  
 22 all that data could be safely removed.  
 23 It was information — our members were happy to take  
 24 the duty on of helping people, but I suspect probably  
 25 didn't want — didn't really want to have, certainly in

15

1 the future, because of the GDPR requirements around  
 2 that.  
 3 Q. You've mentioned it was a faff. Can I take from that  
 4 that they would have preferred to receive that in a  
 5 different way?  
 6 A. Yes — it could have been a single point of contact on  
 7 this, would have just made things a bit simpler.  
 8 I think it's worth noting in lots of cases for the  
 9 retailers, predominantly the big grocery retailers we're  
 10 talking about, there would have been very few people  
 11 working in offices, people working from home in unusual  
 12 situations.  
 13 So trying to do these things exactly right was  
 14 difficult anyway. Anything that could have made that a  
 15 bit easier means people don't have that concern that  
 16 they're inadvertently going to get something wrong. We  
 17 take duties round information security very seriously.  
 18 Members have to, of course. So four different ways was  
 19 just — it was unhelpful in the moment.  
 20 Q. Thank you. I would like now to talk about some of the  
 21 effects on trading for your members, and if we could  
 22 perhaps talk — we've talked about the period  
 23 immediately before lockdown. If we could now just have  
 24 a word about the period immediately after. You  
 25 described an initial period of panic buying prior to

16

1 lockdown. Did that continue after lockdown came into  
2 effect?

3 A. It didn't really continue that significantly, probably a  
4 couple of days after lockdown to be honest, and that's  
5 really because customers realised the shops were still  
6 going to be there. There would still be more toilet  
7 rolls available, no matter how many they felt the need  
8 to kind of put in there, so — and what we saw from a  
9 trading perspective, our March 2020 Scottish retail  
10 sales figures, as I mentioned, there was a 9% uplift in  
11 the first two weeks, there was a 44% fall in the last  
12 three weeks.

13 And I think the other statistic that might be worth  
14 noting is in our April 2020 figures, non-food sales fell  
15 by 70%. So earlier when I cited that 9% uplift was very  
16 significant, I can therefore allow you to draw the  
17 conclusion that a 70% fall in sales is absolutely  
18 astronomical. We literally had to redo the graphs on  
19 our data releases because we'd never had anything like  
20 this in the 25 years — sorry, at that point the 20  
21 years of data we'd been running.

22 Q. Thank you. So what we're seeing is — just interpret  
23 that, you're seeing a gentle spike and then a cliff  
24 edge?

25 A. Absolute cliff edge, and the graph literally looks like

17

1 a cliff edge falling down into the depths of where we  
2 never thought we would ever be on sales.

3 Q. You mentioned the, or to mention again the online  
4 trading; was that the same for those kind of businesses,  
5 or was there a distinction between traditional and  
6 online businesses?

7 A. We saw a really significant growth in online across the  
8 pandemic. Our December nonfood online growth was 44%  
9 across the year so again, an astronomical rise. As I  
10 think I alluded to, what we saw was a mix of businesses  
11 that were already online, particularly nonfood  
12 businesses, if I can differentiate, who were already  
13 online, who were able to trade in a manner, that they  
14 kind of had a system to do so.

15 We had a lot of businesses who basically had to  
16 build an e-commerce — model from scratch in that  
17 moment; you know, on sort of 24 March, sitting down and  
18 going: if we want an income, this is the only way we can  
19 do this.

20 And that was obviously very challenging, and  
21 certainly one of the ways that a lot of — particularly  
22 smaller retailers adapted to was building what we would  
23 refer to as click and collect models, which is, you  
24 could order through a website, collect it from outside  
25 the physical store itself, just an ability to use that.

18

1 But we had all sorts of anomalies in that certain  
2 businesses who were using high street shops, as —  
3 effectively the most expensive distribution centres we  
4 have ever come across there, because they weren't  
5 allowed to open the doors, but stock was still there.

6 So there was a lot of adaption, a lot of businesses  
7 trying to find the way obviously to be safe, but  
8 actually how can we, within the rules, keep a little bit  
9 of income coming. But I would say that for an awful  
10 lot, that was still a massive fall in the amount of  
11 trade available to them, and there were market  
12 advantages to those businesses who had already made a  
13 move to either be an online business or to be an  
14 omni-channel or a multi-channel business, by which we  
15 mean you trade both from stores and through the  
16 internet.

17 Q. Thank you. We've talked about the changes in terms of  
18 the businesses. Was there any change in terms of the  
19 retail behaviour of those shopping? Were there any  
20 different types of shopping that were being done over  
21 the piece?

22 A. We saw a huge variety in how customers were shopping.  
23 I guess two elements to that; the first one is where  
24 people were shopping obviously changed. We saw,  
25 unsurprisingly, an 80% fall in footfall in 2020.

19

1 I would note that footfall has yet to recover to 2019  
2 levels, as customers obviously couldn't go to high  
3 streets, to retail destinations. So they were shopping  
4 from home, and of course those who were working were  
5 working in a very different manner.

6 So if you look at a category like fashion, I am sure  
7 things like hoodies probably did quite well while  
8 everyone was working on the infamous Zoom calls, but  
9 things like formal wear, smart clothes, work wear, or  
10 clothing for events massively fell.

11 We saw things like coffeemakers do very well,  
12 because everybody couldn't go and get their high street  
13 coffee, so instead were making nice ones in the house.  
14 But we also obviously saw a huge rise in technology and  
15 later in exercise equipment as well, as categories that  
16 did well.

17 So I guess within all of this, overall this was very  
18 difficult for the retail industry, but that shouldn't  
19 get away from the fact that at different points, there  
20 were winners and losers within this.

21 Q. Just for his Lordship's benefit, could you just explain  
22 what a hoodie is?

23 THE CHAIR: I'm not that bad.

24 MR TURNER: You mentioned there that there was a change in  
25 footfall. Has that been sustained? I assume from that,

20

1 you mean in terms of traditional business, has that been  
 2 sustained post-pandemic?  
 3 A. Yes, when I talk about footfall, I mean visits to retail  
 4 destinations. We monitor that on a monthly basis. We  
 5 have slightly changed the methodology since then, but it  
 6 was 80% down in 2020. I think at the start of this  
 7 year, it was something like --- we had only got back to  
 8 90% off 2019 levels. It has risen slightly.  
 9 But also that has happened in a slightly  
 10 differential way. So Edinburgh has done better, Glasgow  
 11 has done a little better probably than Scotland as a  
 12 whole, and conversely, there will be other high streets  
 13 that are still quite a way behind pre-pandemic trading.  
 14 And I guess part of the reason for that obviously is  
 15 that some businesses are no longer trading in all those  
 16 locations, so when you don't have as many shops,  
 17 footfall will also decline as well.  
 18 Q. Thank you. If I could perhaps now ask you about some  
 19 more of those lasting effects that you've talked about  
 20 there. You've mentioned obviously the drop in footfall  
 21 in terms of the traditional businesses. Has that had  
 22 any knock-on effects in terms of how businesses are now  
 23 operating?  
 24 A. So I guess I'm going to caveat the remarks I make about  
 25 what has changed in the retail industry, and that's for

21

1 two reasons. Firstly, we did a report back in 2017  
 2 which spoke about how the rise of digital technology, of  
 3 customer behaviour, of digitisation, of automation, was  
 4 changing retail anyway.  
 5 So a lot of the changes that we see happen during  
 6 the pandemic, we had anticipated would happen anyway.  
 7 We knew customers were changing how they shop. We knew  
 8 that there are advantages to having a more omni-channel  
 9 or digital model. It is a lower cost model in some  
 10 cases.  
 11 So those things were happening. It's also very hard  
 12 to differentiate from the things that followed the  
 13 pandemic, the war in Europe, the cost crisis, the  
 14 massive inflation we saw last year.  
 15 So with the caveat that these things are all moving  
 16 so I can't blame any --- I can't specifically say: the  
 17 pandemic did X; we know that we have seen falls in a  
 18 number of retail businesses, which are no longer  
 19 trading; a number more who went into compulsory  
 20 voluntary administration.  
 21 We know that a lot of those stores have retrenched  
 22 their operations. They will still maybe have a store or  
 23 two in very high value locations, central Edinburgh, for  
 24 example, but maybe not from more far-flung high streets  
 25 where there's not the same level of trade.

22

1 I'd say particularly I'm talking nonfood here.  
 2 Grocery and food retail has a very similar footprint,  
 3 maybe even a slightly bigger footprint than before. But  
 4 these businesses, I would say if you look at food to go,  
 5 and particularly coffee shops and those sort of  
 6 businesses, obviously during the pandemic, there was  
 7 nobody in town city centres.  
 8 We also know in Scotland probably a bit more than  
 9 elsewhere in the UK, there hasn't been the same return  
 10 to working in offices that there was before, so people  
 11 tend to work two, three days in town city centres and  
 12 offices, rather than five.  
 13 So that has meant that we do have a diminished  
 14 footfall overall, and so lots of those businesses have  
 15 changed whether they have as many branches in a town or  
 16 city centre, but also if they could open branches in  
 17 other places. We've seen retail parks do very well, not  
 18 just because of the pandemic, but for a variety of  
 19 reasons.  
 20 You see a lot of expansion there, particularly in  
 21 that sort of space, and we see businesses innovating  
 22 constantly, everything from coffee subscriptions to the  
 23 various other incentives to try and keep a bit of  
 24 customer loyalty --- customer loyalty programmes coming  
 25 from that.

23

1 So all of these things are about customers who have  
 2 a bit less discretionary spend, and it's how retailers  
 3 can attract that spend, has been the overarching aim,  
 4 but massive changes underneath that.  
 5 Q. Just to summarise there, so part of that is a reduction  
 6 in terms of physical stores ---  
 7 A. Yes.  
 8 Q. --- and that trade moving online?  
 9 A. Some of that trade has moved online, some of that trade  
 10 has been absorbed by bigger retailers as well though.  
 11 So you have got a few of the brands that have been  
 12 so-called winners, if you like, they have absorbed ---  
 13 fashion brands, fashion is a good example. A number of  
 14 fashion businesses are no longer trading. A lot of the  
 15 kind of brands, the intellectual value, that sort of  
 16 thing, has been taken and is run through a store that  
 17 will now have multiple lines in it.  
 18 It's a slightly odd situation, because department  
 19 stores struggled enormously. They were a model that was  
 20 struggling anyway because they broadly sold other  
 21 people's problems, and the internet provides price  
 22 transparency.  
 23 So if someone else can sell the same product  
 24 cheaper, customers will sit in the shop and check the  
 25 price in front of it. They are utterly ruthless. So

24

1 that behaviour — so you had this phase where department  
 2 stores struggled. A lot of those units are still empty,  
 3 of course, but actually some of the brands themselves  
 4 have almost reabsorbed different retail brands, and are  
 5 now running them, but from an online marketplace model  
 6 to a degree. So everything changes and everything stays  
 7 the same.

8 Q. A moment ago you drew a distinction between food retail  
 9 and nonfood retail. In terms of the changes that were  
 10 made to food retail, we obviously talked about online  
 11 sales for shielding and other people during the  
 12 pandemic; was that change sustained in terms of people's  
 13 behaviours?

14 A. So what we saw with grocery retail, at the start of the  
 15 pandemic, it was something like 7, 8% of grocery sales  
 16 were online. I think that peaked at something like 13,  
 17 14%, but has fallen back since. Grocery is a bit  
 18 different from other types of online, because you have  
 19 to sell a certain value in the basket to actually make  
 20 it a profitable measure to do. It is not necessarily a  
 21 particularly profitable line in itself.

22 What tends to happen with online grocery sales is  
 23 actually it's a customer convenience. Customers spend a  
 24 little bit of money to get a delivery slot and so forth.  
 25 So therefore the shielding programme created a

25

1 challenge, because lots of the places where people were  
 2 living were quite far flung. We wouldn't necessarily  
 3 have all — retail wouldn't have all delivered to there.  
 4 So we had this probably unique situation where  
 5 effectively we had to kind of have businesses  
 6 collaborate, on which customers were going to be kind of  
 7 carved within this, depending on whose capacity could  
 8 allow that.

9 Some retailers distributed to different parts, some  
 10 people were very focused on the central belt. I would  
 11 say that the economics behind that probably haven't  
 12 changed, and that's why you see a kind of spike during  
 13 the pandemic, when people could only get their shopping  
 14 in some cases, and if you were in a particularly rural  
 15 area, actually, the delivery of a large shop was  
 16 something you couldn't access yourself, because you  
 17 weren't allowed to drive to the city.

18 So that kind of — I think it's generally fallen  
 19 back, as people have returned to that pre-pandemic  
 20 pattern, with an element of expansion. That tends to be  
 21 in higher value products as well, I would say.

22 Q. Thank you, and comparing that, contrasting that with  
 23 nonfood online, what was the position of that going  
 24 forward; was that sustained post-pandemic?

25 A. That has been sustained to a much greater degree, so at

26

1 the start of the pandemic, it was something like 25% was  
 2 online nonfood sales. That peaked — stratospheric  
 3 levels at various points, fell back to around 40% at the  
 4 end of the pandemic, and it has continued to tail back  
 5 since. I think it is about 34, 35%, and has sort of  
 6 stabilised there.

7 So it is worth noting a kind of 9, 10 point shift in  
 8 the way that we buy clothing — buy products is massive,  
 9 and that's particularly true in certain sectors. I talk  
 10 about fashion quite a lot, because that's an area where  
 11 we have seen a really big shift, with lots of retailers  
 12 moving to a 50/50 model where they will sell half  
 13 online, half through a shop, but often the two are  
 14 pretty heavily integrated as well, so there's a lot of  
 15 crossover.

16 So you will get a case where people will maybe order  
 17 things in a shop, but it gets delivered home, and so —  
 18 but it would definitely be a sustained change in how we  
 19 shop, which is a consequence of the pandemic.

20 Q. You're saying there 25 to 34, and you have mentioned 9%  
 21 a significant rise. You had also mentioned the fact  
 22 that we were seeing changes in terms of people's  
 23 behaviour even before the pandemic, and some of this  
 24 would be reflected in that change. Just so his Lordship  
 25 has an idea about the degree of change there, but for

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1 the pandemic, how long would you have expected that sort  
 2 of change to take?

3 A. So our 2017 report spoke about: over the next decade, we  
 4 expect to see these changes. So I think it was about —  
 5 is about a decade or by 2031, the two we have spoken  
 6 about, a fifth of shops maybe closing. So this was  
 7 absolutely a very long-term change we were talking about  
 8 over ten years with businesses adapting as their  
 9 business model suited that. It definitely wasn't  
 10 something people planned to do in three months.

11 Q. So we're talking about an acceleration then of ...

12 A. An enormous acceleration of retail change.

13 Q. Obligated. I would like to speak to you now about  
 14 operational matters for your members. We know obviously  
 15 over the course of the pandemic, there were operational  
 16 measures taken by retailers. Can you tell us anything  
 17 about the additional costs involved for your members?

18 A. Yes, so our members who were trading in person, so  
 19 particularly talking about kind of grocery retailers and  
 20 their ilk, in the first month, so by April 2020, our  
 21 members reported there had been a £9 million spend in  
 22 measures in store by that point. In February 2021 we  
 23 had put in one of our media releases that at that point,  
 24 the cost was about £50 million, and again, this is just  
 25 a Scottish figure. To be honest, we stopped counting

28



1 after that. I think it felt like gilding the lily by  
 2 that point. So these are really substantial costs, and  
 3 that's just the specific costs of the measures that we  
 4 took to make shops safe. It doesn't include things like  
 5 extra labour costs and so forth.

6 Q. You mentioned labour there. What was the effect on the  
 7 staff in terms of their numbers etc?

8 A. It was — I mean firstly, it was an incredibly difficult  
 9 time for retail staff who were having to go out into  
 10 shops at a time when none of us really knew what COVID  
 11 was, except it was absolutely terrifying. We definitely  
 12 saw, and I believe that if you look at the Scottish  
 13 annual business statistics, there were 238,000 retail  
 14 workers in 2020, there were 257,000 in 2021, and then it  
 15 dropped to that figure I gave earlier of 227,000 in  
 16 2022.

17 I put a slight health warning; I think the way those  
 18 numbers are probably done in the circumstances, a little  
 19 bit of volatility, but I think that shows a huge  
 20 increase in people working, and that's because if you're  
 21 in a grocery retailer, certainly at the start, some  
 22 people weren't able to get away from childcare. We, of  
 23 course, had lots of people isolating during the course  
 24 of the pandemic and retailers were very strict on  
 25 ensuring that staff wasn't there; and of course people

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1 going into other parts, distribution, online uplift.  
 2 So kind of retail workers, there's kind of a spike  
 3 and then a reversion. Of course, retail is one of the  
 4 few places that people were able to trade during that  
 5 time, so it's perhaps understandable. So that, of  
 6 course, had pretty significant costs as well within  
 7 there.

8 Q. If I could now move — we obviously know that SRC and  
 9 BRC are operating across the country, and that you have  
 10 members that are located at various locations, and we  
 11 have talked about some of the rural and city centre  
 12 distinctions. You mentioned changes in terms of  
 13 businesses etc. Are you able to explain to his Lordship  
 14 what those changes are in terms of city centres, first  
 15 of all?

16 A. In terms of how the trade operated?

17 Q. Yes.

18 A. Yes, so — I beg your pardon, can I clarify; do you mean  
 19 the changes in terms of how businesses were operating at  
 20 the time, or ...

21 Q. Well, first of all the time, and then whether that  
 22 position has been sustained going forward?

23 A. Yes, sorry, just thought I would clarify. So yes, as we  
 24 said, what we saw in city centres and so forth was, of  
 25 course, shops were closed, and the vast majority of

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1 businesses were kind of closed down in that space.  
 2 Businesses that were operating were doing it under very  
 3 kind of strict restrictions — kind of at that time.

4 And again, it was more a case of where people were,  
 5 where you kind of have retail businesses that were  
 6 within scope, so huge amounts of area closed down for  
 7 that.

8 Q. And have those businesses returned to city centres?

9 A. So some are certainly back in city centres. There was  
 10 kind of almost — kind of reopenings that happened at  
 11 the time, but we would definitely say that — and  
 12 I don't think we have data on vacancy rates, but we know  
 13 that in a large number of places, we have seen a  
 14 slimming-down of properties, particularly from the  
 15 larger brands of retailers and the established  
 16 retailers, so — and lots of retail properties that  
 17 haven't been refilled yet.

18 So there has been a kind of specific impact on  
 19 particularly town centres and high streets from  
 20 businesses that simply weren't viable to trade following  
 21 the pandemic.

22 Q. Thank you. And contrasting that with the situation in  
 23 rural areas, you mentioned that some of your members  
 24 were collaborating with respect to rural supplies. Was  
 25 that something that they arranged themselves, or was

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1 that something that they had liaised with government  
 2 about?

3 A. I will try to be very clear at this moment, because  
 4 I want to be unequivocal. Our members definitely  
 5 weren't breaking any of the competition rules, unless  
 6 there was very specific exemptions for that. That's  
 7 something we take very strictly.

8 In terms of rural supply, our grocery members,  
 9 indeed, retailers full stop would generally spread the  
 10 stock they have out, with a caveat of what would go in a  
 11 local market, across the full estate.

12 So if you — as a situation we had in March 2020,  
 13 when there were shortages, say, of fresh pasta, the  
 14 fresh pasta that was available in a distribution centre  
 15 in central Scotland would be distributed on an equitable  
 16 basis across the whole of the country. That wasn't  
 17 something I think — members wouldn't specifically have  
 18 spoken to each other about it. Members in meetings we  
 19 were coordinating with government, and when they were  
 20 challenged by government ministers on this, were able  
 21 to, a number of them, be unequivocally clear, that they  
 22 were definitely distributing on an equitable basis, as  
 23 they do all the time. That's standard practice.

24 Q. So that was a specific concern that the government had  
 25 raised with yourselves and ultimately with your members?

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1 A. Yes. Scottish Government was very concerned that  
2 far—flung rural communities, Island communities, would  
3 simply not get the supply again if we had a finite  
4 amount of a product, that it would be kind of corralled  
5 in the central belt.  
6 It was one of the easier discussions with  
7 government, because they wanted us to do something we  
8 were absolutely definitely going to do, and moreover was  
9 absolutely in members' interests to do as well. There  
10 is no — a business that decided it wasn't going to send  
11 stock to Ullapool would find it very hard to ever trade  
12 again in Ullapool afterwards. So starving a particular  
13 community over another would be commercially disastrous,  
14 so it was not something that members wanted to do, and  
15 it was great that we could take that concern and  
16 reassure government about it.  
17 Q. I take from what you're saying there that there was  
18 never any intention to do otherwise?  
19 A. No, it just wouldn't be within a business's model, to be  
20 honest.  
21 Q. Thank you. We've talked about the increase in online  
22 sales and access, and the fact that that was reaching  
23 areas that hadn't been dealt with before. Did that  
24 cause any particular concerns for your members?  
25 A. It was a huge challenge to try and reach it, so as I

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1 say, we had a massive capacity issue on online  
2 groceries. People obviously — some people, because of  
3 the shielding rules, absolutely couldn't leave their  
4 homes. A lot of other people were very concerned about  
5 leaving home. They wanted to stay safe. They might not  
6 necessarily meet the threshold for shielding, but they  
7 might have lung conditions or other concerns that meant  
8 that it wasn't feasible or reasonable or safe for them,  
9 maybe not even themselves but family members.  
10 So there was a huge pressure on online delivery  
11 slots. Obviously, there were slots allocated already to  
12 people on the shielding list. Beyond that, it was very  
13 much a question of retailers trying desperately to  
14 increase capacity, so we could get to as many households  
15 as possible. But it was definitely a challenge. It was  
16 something that logistically was absolutely monumental to  
17 take on. I guess the only — the only upside was at  
18 least people's basket spend was relatively decent.  
19 Q. Well, it was monumental; was it successful?  
20 A. So as I mentioned, online sales effectively doubled.  
21 Grocery sales during that kind of pandemic time, I think  
22 they've probably fallen back a bit from that because  
23 demand has fallen. That absolutely did not meet the  
24 demand that members could have gone for. I think that's  
25 partly also because we didn't use a lot of the measures

34

1 that retailers possibly would do. At a normal time, if  
2 there's a huge demand for — get a delivery at 9 o'clock  
3 on a Monday morning, retailers would kind of price that  
4 and provide that mechanism to change people's  
5 desirability. If it's going to cost you an extra £10,  
6 some shoppers might not want it at that time.  
7 That wasn't something you could necessarily really  
8 do in the pandemic to the same degree, because it would  
9 have just been exploitative, and not really the approach  
10 that I think members were trying to take. There was an  
11 absolute sense that this was a crisis moment, and trying  
12 to do the responsible thing was definitely their  
13 approach, I think consistently through the pandemic.  
14 Q. Thank you. Which brings us, I suppose, to questions of  
15 finance and I would like to ask you a few questions  
16 about the financial support that the industry received.  
17 First of all, just turning to the sort of ordinary  
18 position, ignoring the pandemic, is the retail industry  
19 one that generally benefits from economic support from  
20 government?  
21 A. Very rarely. Certainly not for the bigger retailers of  
22 scale. It's very unusual. There might be small  
23 measures. By and large we're a contributor to the  
24 public purse rather than necessarily much of a recipient  
25 of it, which certainly makes sense.

35

1 And so therefore it's very unusual for retailers of  
2 scale to claim very significant amounts. The sort of  
3 way that a lot of government funding is — is aimed at  
4 much smaller enterprises, and certainly not aimed at  
5 enterprises that scale enormously. So it was very  
6 unusual for us to be looking for support from  
7 government.  
8 Q. Thank you. And in terms of the pandemic support, we  
9 know that there were various schemes available to retail  
10 businesses. How would you — or how would your members,  
11 I suppose, describe the financial support that was  
12 available to the retail industry?  
13 A. I think if we start it in kind of March 2020, the two  
14 enormous pieces of support, the ones that were most  
15 substantial to our members, were firstly the UK  
16 Government Coronavirus Job Retention Scheme. That was  
17 absolutely immense for allowing businesses to —  
18 particularly those businesses I spoke about who were  
19 closed down to keep those workers in post. It was  
20 absolutely — and of course it was announced very  
21 quickly, and I think was very successful for our  
22 members.  
23 The second element was the non—domestic rates  
24 relief. The retail industry pays about 20% of Scottish  
25 non—domestic rates. We are a very heavy contributor.

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1 That's over half a billion pounds a year. And therefore  
 2 actually to get the announcement on 24 March that  
 3 Scotland was going to pass on the full 100% rates relief  
 4 for retail, and that to be continued the second year,  
 5 was a really huge — a really massive kind of financial  
 6 thing. It certainly kept a huge amount of businesses  
 7 afloat and solvent.

8 I think trying to manage those costs bases would  
 9 have led to other and very difficult decisions. I think  
 10 if we come to the third element, there were COVID grants  
 11 in 2020. I think there was a little confusion around  
 12 this. I think it was originally announced as it was  
 13 going to be — I think it was £25,000 per property. The  
 14 government then said it was £25,000 per business, and I  
 15 think there was eventually an accommodation reached  
 16 where it was 25,000 for the first store and 75% of that  
 17 per subsequent store.

18 So just slightly different and just a little bit  
 19 kind of more — slightly more — I would say that,  
 20 again, that's something that probably was a bigger thing  
 21 for some of our medium and smaller members. I think our  
 22 major members of scale, the scale of costs they're  
 23 running, a lot of these grants and a lot of the other  
 24 grants that came later on, were probably of less  
 25 relevance, because they simply wouldn't have made an

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1 enormous difference, I think.

2 Q. What was the effect of that support for your members  
 3 overall?

4 A. I think in very short — for those businesses who were  
 5 trading, who were making very significant increases in  
 6 costs, it almost allowed them to make that with a kind  
 7 of confidence: well, we need to crack on and do that.

8 I would note in the second year, some of the large  
 9 grocers actually repaid the business rates relief. They  
 10 felt it wasn't appropriate to have that. It was a  
 11 situational thing.

12 Indeed it was an interesting challenge since I don't  
 13 think up to that point there was a mechanism in which  
 14 you could return rates relief, so one of the little  
 15 things that came up out of this.

16 For those other businesses, though, I think probably  
 17 the term "lifeline" is the best way to put it. I think  
 18 a huge number of businesses would have — of retail  
 19 businesses would simply have collapsed into  
 20 administration at that point. I think even those  
 21 businesses that would have been able to carry through  
 22 without, for example, furlough, they would have had to  
 23 make enormous changes to their workforce at that time,  
 24 because there's no possible way they could have kept  
 25 funding salaries with little or no income coming in.

38

1 Q. And I think you describe it in your statement as  
 2 critical, is that how you would describe it?

3 A. I absolutely would describe it as critical and quite  
 4 fundamental to the majority of those businesses that are  
 5 still trading.

6 Q. Thank you. If I could ask you now about the timing of  
 7 the support, how quickly did your members find that that  
 8 was available?

9 A. So in reference to the three I have outlined, it was a  
 10 very, very swift furlough scheme. Obviously it was a UK  
 11 Government responsibility so we weren't close to it. We  
 12 didn't work on that — went through. Obviously the  
 13 rates relief announcement was — effectively from the  
 14 moment the government had announced that that was the  
 15 way that worked. I believe that the grants system was  
 16 slightly more cumbersome. I think that had to be  
 17 applied for via local authorities.

18 As I hopefully explained earlier, retail tends to  
 19 work on agglomeration of scale. So it might be well be  
 20 that a retail business applying for these grants was  
 21 having to apply to ten different local authorities for  
 22 ten different stores, which was a bit cumbersome.

23 I probably should have mentioned other financial  
 24 support. I believe a lot of retail businesses also  
 25 benefited from the various coronavirus loans that were

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1 provided. That was a UK Government responsibility, so I  
 2 don't really have any detail on that, apart from being  
 3 aware that that was something they were involved in.

4 Q. Thank you, and just in terms of timing, you mention in  
 5 your statement that the rates relief was very shortly  
 6 after lockdown, and that Scotland moved on 24 March?

7 A. Yes.

8 Q. We're talking within days, effectively, or within a  
 9 day —

10 A. Yes.

11 Q. — of lockdown?

12 A. It was just a day after lockdown. I think it was a few  
 13 days after the UK Chancellor had had a similar sort of  
 14 announcement. So I do believe there was Barnett  
 15 consequential funding that allowed that, but it was very  
 16 kind of swiftly done. I think we were preparing to  
 17 start asking government for it, and then found out that  
 18 they had done it, so that's as swift a response as I  
 19 think we could have reasonably expected.

20 Q. Thank you, and you have talked there about a number of  
 21 UK-wide schemes in terms of furlough and the like, and  
 22 of course there were schemes that were England, Wales or  
 23 other three nation — as distinct from Scotland. In  
 24 your experience, were the schemes the same across the UK  
 25 broadly?

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1 A. I think there were — there were some differences, and I  
2 think as we went on, there were slightly more  
3 differences. I think the example I gave of the initial  
4 COVID grants, I think they were done differently in  
5 other parts. I understand, by the way, they were done  
6 differently in Scotland because Scottish Ministers had  
7 other groups they wanted to affect who may not have been  
8 covered, so we recognise that.

9 I think, and I'm sure I will mention this again,  
10 from our members' perspective, we understand that there  
11 will be policy and divergence in areas. The Scottish  
12 Parliament has existed for a quarter of a century now.  
13 We understand that differentiation.

14 On certain policy areas — rates relief is a great  
15 example — it absolutely made sense for that to be done  
16 on a Scottish basis. The rates system is a devolved  
17 area, but I think with some of these grants and funding,  
18 our members certainly would have preferred a four  
19 nations approach on these things, to just simply do it  
20 in the same way.

21 I think that would probably have been almost as  
22 important as the actual settlement for a lot of them.  
23 The ability to simply do it in a uniform manner really  
24 works for the way our industry trades. I would say  
25 that's true obviously of our UK-wide members; also, I

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1 would say, even of our Scottish-wide members. I don't  
2 think they would have felt that.

3 And I think one of the challenges for government,  
4 and indeed for us, as trying to engage on this, is that  
5 when there were differences, it then became — whether  
6 it was accurate or not, there was always a sense: maybe  
7 they're getting a better deal, why aren't we getting  
8 this. So it created a sense of, I think, frustration  
9 from some businesses, who felt that if — why aren't you  
10 doing it the way that — insert other nation — is doing  
11 it, we would be better off.

12 How accurate or not, that depended on the  
13 circumstance, but it certainly created that frustration.

14 Q. And did that cause any difficulty, or that differences  
15 of approach, did that cause any difficulties for SRC or  
16 BRC directly?

17 A. So I think this also is relevant for guidance as well,  
18 but we had a bit of helicopter view of the four nations,  
19 so we were hearing what was happening from them all. We  
20 were generally co-ordinating a lot of our work through  
21 communities that were working on that four nations  
22 basis.

23 So I guess we were having to manage members both who  
24 were trying to understand the differences that were  
25 happening, and that's predominantly what my director and

42

1 I were doing for the pandemic, but they also did mean  
2 that we tended to get a little bit of the member  
3 frustration in return on the — why can't it just be  
4 done this way. The answer inevitably is that's how the  
5 world works.

6 Q. Paragraph 35 of your statement, you mention that  
7 colleagues in the British Retail Consortium were  
8 grappling — or left to grapple with interpreting  
9 different terminology and eligibility. Could you expand  
10 upon that for us?

11 A. Probably not to an enormous degree. I understand that  
12 the exact rules around the loan schemes were quite  
13 different businesses of scale, different types of  
14 premises and so forth, may be eligible or not for  
15 different things. I don't really have anything more  
16 upon that. As I say, it wasn't my area of expertise.

17 Q. Were there any issues caused by the description of the  
18 schemes, or the naming of them?

19 A. I think, as I say, this wasn't a huge focus of our work,  
20 because predominantly members were keen to trade rather  
21 than looking at these. I think that there was an awful  
22 lot of different types of these things that may have  
23 sounded a bit similar. It's not something we had a huge  
24 report on.

25 Q. Thank you, and you have mentioned there guidance, so if

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1 we could just now come on to that. If I could talk to  
2 you first of all about the government's approach to  
3 guidance. You've mentioned that the Scottish Retail  
4 Consortium, and indeed the British Retail Consortium  
5 have a vast array of different types of businesses, from  
6 the smaller retailers to national firms. Did your  
7 members find there were any particular issues that arose  
8 from those differences?

9 A. I think there was always a challenge for us as a very  
10 broad coalition of retailers, managing the difference  
11 between those businesses who had more freedom to trade  
12 than others. So some businesses obviously had very  
13 specific questions about how some things would operate.  
14 Other businesses, it was slightly more hypothetical.  
15 There were different timeframes as well on lots of the  
16 questions about guidance and on what was happening.  
17 I guess that's twofold.

18 On one hand, if a business is trading right now, and  
19 there's a change to the level system, for example, they  
20 were having to operationalise that in the moment. Kind  
21 of — they would get an announcement, they would try and  
22 do it, they had to be ready for the regulations which  
23 were often very short notice.

24 If it was a change for perhaps a business that  
25 wasn't yet trading, there wasn't that same — we have to

44

1 change what we're doing in the store right now. We have  
2 to be ready for when we're allowed to trade. So that  
3 timing difference.

4 I think the other one that's worth maintaining, and  
5 was very hard for a lot of our members, is retail is  
6 simultaneously incredibly short-term; it's what can you  
7 sell today. It's also a very long-term process. I'm  
8 sure if anybody is in the shops at the moment, they will  
9 see the array of Christmas items and products being  
10 sold.

11 Planning for Christmas trading starts in January.  
12 Most of the purchasing decisions are made in the first  
13 half of the year. Stock is travelling in the third  
14 quarter. So when we talk about the impact of, for  
15 example, making closures at Christmas, that has a huge  
16 effect. A business has to, almost nine months out, be  
17 thinking: do I buy this stock, do I get party dresses so  
18 people can go out for a Christmas night out or not.

19 These are very challenging decisions, and obviously  
20 if your sole trade is in fashion or in these items,  
21 that's very different from if your people are still  
22 going to need to buy beans in a week's time regardless.

23 Q. For his Lordship, you mentioned there, you're saying  
24 obviously long-term planning, are you able to give  
25 his Lordship any indication what sort of differences

1 we're talking about, what was the acceleration, if you  
2 like, in terms of the implementation?  
3 A. So I think — so obviously the kind of lockdown came  
4 with a couple of weeks' notice. I think if we talk  
5 about — I think possibly the most egregious example  
6 was — it's in January, in 2021, when the — I believe  
7 the timeline for the restrictions that came in on click  
8 and collect, so the ability to sell products directly  
9 from the shop. I think the announcement was on the  
10 Wednesday. The regulations came into force on the  
11 Friday. The regulations were published late Thursday  
12 afternoon, and the guidance for retailers was published,  
13 I believe, late on the Friday.

14 I think at the time we described it as ludicrous,  
15 and I think that stands up to scrutiny, to be honest.  
16 So when we're talking about our kind of model of like  
17 retailers planning stock by season and being months  
18 ahead, and then the situation in which — you have to  
19 change what your shop is, it's something like this, and  
20 with a bit of luck you'll know on the day if you're  
21 there. And that's really challenging.

22 Our members, they always try to follow rules quite  
23 literally. If they're told to do something in guidance,  
24 they will do it that way. That's partly because it's  
25 the way they operate. It's also because of the public

1 scrutiny a retail business will always have. So there's  
2 significant pressures to do that. So it was very, very  
3 stressful when we got decisions made at very short  
4 notice, and of course the more specific they were, the  
5 more challenging to operationalise.

6 Q. Do you feel, or do your members feel that the reality  
7 was being taken into account in terms of the  
8 implementation of these decisions?

9 A. I think we would say across the pandemic, there were  
10 changes both in the manner in which things happen, and  
11 also the degree to which guidance and regulation got  
12 specific.

13 So at the very start of the pandemic, a lot of the  
14 retail guidance, to be honest the government's guidance  
15 across the four nations was pretty heavily based on a  
16 paper that the British Retail Consortium and USDAW, who  
17 are a shopworker trade association — we worked together  
18 on guidance for how to keep stores safe for colleagues  
19 and for customers.

20 It's actually a pretty decent document. We revised  
21 it for when nonfood was opening, and that was very much  
22 industry saying: these are all the measures, this is the  
23 public health advice, this is what we think works. And  
24 indeed the grocers being able to say: this is how we've  
25 done that.

1 That was all the — everything from Perspex screens,  
2 hygiene stations, signage in stores, how to maintain  
3 2-metre distancing, all those kind of big principles, we  
4 came in; and government were very much: this is great,  
5 let's do this.

6 I think as we went on in the pandemic, government  
7 wanted to do things slightly differently, and we got  
8 anomalies. I think the example I mentioned, the closure  
9 of click and collect in total was a really significant  
10 challenge. A lot of businesses had been doing that for  
11 a while. I don't think we were ever confident —  
12 I don't think it was ever clearly explained to us what  
13 the specific health harm that we were tackling with that  
14 was, but it certainly meant businesses who had used that  
15 model, and that might be a food to go business who were  
16 selling — you order your coffee online, pick it up from  
17 there, or a kind of small retailer who may be trying to  
18 build a full e-commerce platform, isn't really going to  
19 compete against bigger brands, but actually being able  
20 to sell it from the local hardware shop did work. We  
21 felt that that was a pretty onerous restriction.  
22 There's a few other examples as well.

23 Q. And you've mentioned timing, and you've mentioned that  
24 the members of the SRC are greatly different in terms  
25 of — some of them are very small and some of them are

1 very large. Were there any particular difficulties or  
 2 any particular issues for some of those larger  
 3 retailers?  
 4 A. I think with — I guess with larger retailers, to kind  
 5 of differentiate slightly, there were businesses like  
 6 garden centres, which could trade in different parts of  
 7 the UK at different times. We never quite understood  
 8 why garden centres were within that sort of thing, but  
 9 of course the timing of some of the lockdowns really  
 10 affects that sort of business. If you close a garden  
 11 centre down during the run-up to Easter, that's a huge  
 12 trading period. It's sort of their Christmas time. The  
 13 same for other nonfood businesses. It's different odd  
 14 types of years which I think had a really significant  
 15 economic impact.  
 16 In terms of the way large stores operated, I think  
 17 trying to write a single document to get businesses that  
 18 maybe have 20,000 employees, and 100 or 200 stores, to  
 19 all do something in a certain way is very difficult to  
 20 do. I am very sympathetic to government, but I  
 21 certainly think our members would feel quite strongly  
 22 that when they were given a sense of direction or a kind  
 23 of higher level thing, they would absolutely do that in  
 24 the best way possible.  
 25 2 metre distancing, absolutely understand, lots of

49

1 tools to do that. I think when we were told you have to  
 2 do 2 metre distancing in stores, and the way to do that  
 3 is you have to do an occupancy guidelines signage, and  
 4 the signage must be this sign, and it must use this  
 5 font, and this really quite granular detail, I think we  
 6 found that — (a) it wasn't going to work for every  
 7 retailer and (b) it really felt quite granular and I'm  
 8 not sure totally necessary. But it did create a fairly  
 9 significant amount of work, because these are huge  
 10 businesses operating at scale. If they have to do  
 11 something, they have to do it to a very enormous degree.  
 12 Q. And you spoke about the example of changes happening  
 13 very sort of late in a week for almost immediate  
 14 implementation. Was that something that your members  
 15 could actually comply with, given the size and scale of  
 16 some of these businesses?  
 17 A. I mean, I think the — again, depends on the kind of —  
 18 to what degree. And I guess compliance is quite a  
 19 tricky sort of — in the sense of, you know, if an  
 20 environmental health officer had come in on 15 January  
 21 and said, "Are you following the guidance?", a retailer  
 22 would have gone: you only published the regulations  
 23 eight hours ago, and we haven't got the guidance  
 24 document yet. So it just wasn't possible.  
 25 I think we would certainly listen to what government

50

1 said, we would engage with government officials,  
 2 government officials meet with our online communities  
 3 and members too, so we would try and get them to both  
 4 answer our questions, and they would always have the  
 5 best stab they could at doing it. In no way, shape or  
 6 form can I say confidently every retailer was always  
 7 compliant instantly of every regulation. I think it  
 8 would have been impossible to do so.  
 9 Q. When you say "impossible", impossible in the sense of  
 10 the timing that they were being asked to implement?  
 11 A. Yes, it was always the timeframe. There was nothing  
 12 that came out of government regulation that couldn't be  
 13 done, that — things we might not have wanted to do,  
 14 that's an entirely separate discussion, and we were  
 15 relatively forthright with government on what we might  
 16 or might not want. But there were times when the time  
 17 simply meant it was completely impossible to meet that  
 18 timeframe.  
 19 Q. Thank you, and you've spoken there about the  
 20 conversations that you were having with government. If  
 21 I could ask you maybe about that relationship, how did  
 22 you, the SRC and indeed your members find dealing with  
 23 government over the piece?  
 24 A. So I think there were huge amounts of learnings that  
 25 came from it. I mentioned at the start, our

51

1 relationship with the food and drink side. That was a  
 2 very long established relationship with that part of  
 3 government.  
 4 I think it took a little bit of time right at the  
 5 start for government to adapt the structures for  
 6 briefing the whole of the business community. I think  
 7 there was maybe a smaller group that they were used to  
 8 having a regular dialogue with, and they kind of had to  
 9 change the model slightly.  
 10 I would say once that happened, we had phenomenal  
 11 access to government ministers, to government officials.  
 12 We were able to ask questions. During the course of the  
 13 pandemic, a specific retail team was formed within the  
 14 Scottish Government, and one of the outcomes of the  
 15 pandemic was the Scottish Government published a retail  
 16 strategy and there is now a sitting industry leadership  
 17 group.  
 18 So I would say from a starting point where I think  
 19 food and drink retail was sort of looked after by  
 20 government, and larger retail was a sort of anomalous  
 21 part, I definitely think we changed that situation to a  
 22 very specific relationship, both with kind of business,  
 23 and I would say government officials were assiduous in  
 24 speaking to us wherever they were able to, to giving us  
 25 the best deal they could.

52

1 Q. Did you find government responsive when you approached  
 2 them?  
 3 A. Sometimes is probably the fairest answer. There's lots  
 4 of occasions where government would listen to us. I  
 5 have mentioned the kind of adoption of a lot of the  
 6 retail guidance. A lot of the details on how to do  
 7 things, we were consulted on. There were, of course,  
 8 times we disagreed. I think we always tried very hard  
 9 to be clear that we were not public health experts. If  
 10 there was a public health imperative to take action, our  
 11 members understood that. They wanted to work with that.  
 12 Partly it's the right thing to do, partly there was  
 13 no model for economic kind of activity that didn't  
 14 involve stores and businesses being safe first. Without  
 15 them being safe, you didn't have customers coming out  
 16 anyway. So there wasn't a tension there, but certainly  
 17 we would ask about certain things.  
 18 I would say also that the nature of the pandemic  
 19 with four governments doing slightly different things  
 20 meant that we had a fairly continual discussion about  
 21 both things that were happening in other jurisdictions  
 22 that we liked, so some other nations perhaps opened up  
 23 larger stores, shopping centres and that a bit earlier.  
 24 We would argue that means it should happen here.  
 25 There were also examples — I think the most

1 infamous being when the Welsh Government banned the sale  
 2 of nonessential goods within shops, where Scottish  
 3 Government Ministers would ask us what we felt about  
 4 that. We were fairly forthright in expressing we  
 5 thought it was a terrible idea. So sometimes is the  
 6 answer, but I don't — I think that they were trying to  
 7 weight that, but obviously there were other  
 8 considerations as well.  
 9 Q. You referred a moment ago to — I think you used the  
 10 term granular. In your statement you refer to a lot of  
 11 granular government interventions. Could you explain to  
 12 his Lordship what you mean by granular interventions?  
 13 A. So the one I have kind of alluded to already, I think is  
 14 the best specific example, when the government said that  
 15 they wanted us to explicitly write down what the  
 16 occupancy capacity of every shop in the country was.  
 17 That meant kind of quite a chunky guidance document  
 18 which had how we calculated the store space, as I say,  
 19 which font to use, what sign it should be, where it  
 20 should be placed in store. Very specific details, and  
 21 on one sense, final, we had concerns about that (a)  
 22 because if we were going to do it specifically, that  
 23 then meant there were five other questions about exactly  
 24 where it goes, we wanted clarity on, if we were going to  
 25 be specific, we had to be.

1 I think there were other concerns which were things  
 2 like: you put an occupancy limit on a store, that  
 3 absolutely guarantees that somebody will go into the  
 4 store and count every person in it, and complain if  
 5 there's not the right number of people in the shop.  
 6 That might sound trivial, but one of the real  
 7 challenges our colleagues faced during the pandemic was  
 8 a horrendous rise in abuse and in frustration; people  
 9 being told that: you must wear a face covering, you must  
 10 do that.  
 11 So actually these flash points were a challenge, so  
 12 I think that the overall aim of making sure shops didn't  
 13 have too many people in, we completely supported that.  
 14 We had been doing that since March 2020. I think the  
 15 "you have to do it in exactly this way" is a really good  
 16 example of a policy where we're just not sure that was  
 17 necessary, and not sure it helped, and I would be  
 18 surprised if it had a major impact.  
 19 I will say that we didn't always have problems with  
 20 regulation. I think one of the clear examples is  
 21 government spoke to us and consulted with us about —  
 22 when they were bringing in rules about face coverings,  
 23 did we believe that that should be in regulation. We  
 24 absolutely were categorical we wanted that. If  
 25 customers were being asked to do things, we wanted it to

1 be legal requirements, and that means the enforcement  
 2 fell to the police, rather than to some poor shopworker  
 3 who really didn't deserve to be screamed at by someone  
 4 who had decided that wearing a face covering was a  
 5 problem.  
 6 Q. Thank you. From your members' perspective, was there an  
 7 alternative approach to that granular approach?  
 8 A. I think, as I have tried to outline there, that slightly  
 9 higher level of government almost saying: this is the  
 10 outcome we want to get you to, how can you do it.  
 11 I think, as I have hopefully explained, retail is really  
 12 diverse. Shops are all different, and what works in a  
 13 50,000 square foot superstore is just completely  
 14 different from what works in a kind of Tetris-shaped  
 15 convenience store, that's kind of smaller away there.  
 16 So I think just a little bit of trusting industry a  
 17 bit more, but putting that high level perspective of: we  
 18 really need you to do this. I think — I am very  
 19 confident our members wanted to do that. They wanted to  
 20 demonstrate it.  
 21 And I think part of that is that visibility, and  
 22 that visibility means that every customer comes in, can  
 23 see things. Some of our customers of course are  
 24 parliamentarians, and indeed our ministers, and one of  
 25 our ongoing challenges was having to respond to

1 officials who were concerned that a shop in some part of  
2 Scotland was doing one thing slightly wrong because a  
3 politician of some description had seen it and was very  
4 upset.

5 I don't think we ever found any examples where  
6 members weren't compliant, but that was an ongoing  
7 challenge of both following the guidance, but having to  
8 demonstrate constantly that we were following the  
9 guidance.

10 Q. You have mentioned a number of difficulties which your  
11 members have experienced over the piece in terms of  
12 implementing government aspiration, if I can put it that  
13 way. Do you or your members feel that government  
14 understood the retail industry at the start of the  
15 pandemic?

16 A. I think that probably the scale and manner in how retail  
17 operated, I'm not sure they had — I don't think they  
18 had the same information they would have now about it,  
19 and that's why I refer back to this drive to have a  
20 retail strategy. I think government broadly would know  
21 what our asks were as a public policy advocacy  
22 organisation, I hope they understood what our high level  
23 asks were. But there's a difference between kind of  
24 everyone believes they understand how retail works, and  
25 people actually understanding the kind of mechanisms and

57

1 operations behind that.

2 I think that that's something government grew  
3 enormously during the pandemic. I think it's something  
4 that probably at the start wasn't as detailed as it was,  
5 with the caveat, of course, that everything we were  
6 doing, most of it was quite new anyway, so we were all a  
7 little bit learning as we were going.

8 Q. Thank you, and I think that probably brings us to some  
9 questions about the government's planning and  
10 preparation for pandemics. Are you able to offer any  
11 comment on the level of planning or preparation that the  
12 government had for retail in the event of a pandemic?

13 A. I guess — so we worked with Scottish Government on  
14 things like food resilience, and that sort of emergency  
15 side of it. That's something that both at a Scottish  
16 and a UK level, there are mechanisms designed for; I  
17 think this can go wrong with food supply chains; so we  
18 work with government food division, with DEFRA and so  
19 forth on that.

20 Q. Just to be clear, you mean at any time, not just in a  
21 pandemic —

22 A. At any time, yes. Things can happen that can affect the  
23 supply chain. Some of those can be — you know,  
24 I wouldn't say minor, but can be disruption to a crop  
25 because of extreme weather. Some might be because of

58

1 things like avian flu and so forth, and diseases, that  
2 can take out and require restrictions. So there's a  
3 huge number of policy things that can impact on food  
4 supply, so I think government had a pretty good handle  
5 on that. We had very close relationships both with  
6 government and with Food Standards Scotland, and that's  
7 something I think that was pretty well understood.

8 I honestly don't think that we had ever had a  
9 discussion about what it would look like to close down  
10 the retail industry. That was a completely new  
11 innovation. It was unimaginable, I would say, probably  
12 even in February 2020, to imagine we close every shop  
13 down, and I don't think we were remotely prepared for  
14 that.

15 Q. And had the government spoken to you prior to 2020  
16 outwith a pandemic situation, are you able to say what  
17 the reaction of industry would have been to a suggestion  
18 of lockdown?

19 A. I think I have to be careful how I describe what  
20 industry's reaction to that would have been. It would  
21 have been — I use the term "unimaginable", it would  
22 have been incredibly distressing. Businesses would have  
23 been adamant that if you do that, you're going to  
24 destroy our businesses. I don't think before 2020, we  
25 could have imagined a pathway through, bearing in mind

59

1 the restrictions that were put in place.

2 Q. In consequence of that, again, I'm asking you to  
3 hypothesise a little bit, but would industry have likely  
4 engaged in that kind of process?

5 A. I would be really surprised if to any significant  
6 degree, business would have been, you know, heavily  
7 involved in that sort of planning. I can see a  
8 situation in which government might have run an exercise  
9 or discussion, and someone like myself might have gone  
10 along to broadly talk about what it would have looked  
11 like for retail.

12 I would be very surprised if my members would have  
13 substantially considered it at a very serious level, and  
14 that's because retail has so many other things going on.  
15 There's always something happening in the moment, and  
16 they tend to be — as I say, there's a sort of potential  
17 if they all plan kind of what they're buying for in six  
18 or nine months' time, but a lot of it is about what's  
19 happening today.

20 So the idea that they put a lot of time into a  
21 hypothetical question, I think it's unlikely they would  
22 have put a lot into it, beyond: please don't close our  
23 shops down.

24 Q. Thank you. And if I could now ask about sort of  
25 consistency of guidance. You've talked about

60



1 consistency being helpful to your members on a number of  
 2 different fronts. Is it fair to say that would also  
 3 have been the case in respect of guidance?  
 4 A. Yes. I suppose I should be absolutely candid. I think  
 5 my members very much wanted consistency when it was in  
 6 their interest as well, but by and large, a consistent  
 7 approach is what they look for. And that's true across  
 8 all public policy, so regardless of a measure, our  
 9 members would like it to be done on a four nations  
 10 basis. They're actually perfectly comfortable for it to  
 11 be beyond a four nations basis, in alignment with Europe  
 12 and so forth as well.  
 13 Doing it the same way works for retail, and every  
 14 time there's a divergence, that creates a cost to  
 15 businesses that have to do it differently. So there's  
 16 always a desire to do things in the most  
 17 straightforward, the most consistent way as they can.  
 18 That's just how the business works.  
 19 Q. You have spoken about the lack of unified approach  
 20 between the nations. Did that translate — or how did  
 21 your members find that on a more local level between,  
 22 say, for example, local government areas?  
 23 A. I think that — I think when it got to a local authority  
 24 level, it really became quite frustrating for a lot of  
 25 members, and that's because you would both have to do

61

1 some things in a different way, but also even things  
 2 like local authority enforcement could be different.  
 3 One EHO might read the guidance in one way, another  
 4 slightly differently, and that meant a business was  
 5 trying to adapt — so you're taking a model that is  
 6 designed to work across all 32 local authorities in 100  
 7 shops, and suddenly you're breaking that to doing it in  
 8 15 different ways, perhaps, because of different local  
 9 authorities.  
 10 It adds complexity, which means that you have got  
 11 people trying to adapt a little bit at a store level,  
 12 and it sort of downs the consistency of what we're  
 13 doing. I totally understand there are parts where that  
 14 is the case. I mentioned non-domestic rates relief is  
 15 clearly best done at a devolved level.  
 16 But I think in practice, keeping things as similar  
 17 as possible, particularly in a crisis situation, matters  
 18 for our members. It also matters for customers who —  
 19 we would always rather tell them the same thing, with  
 20 exceptions. It might be a certain thing that's  
 21 particular to Scotland or particularly to Fort William,  
 22 but by and large branding, messaging, high level  
 23 messaging would be the same for a retail business across  
 24 the country. We would rather do that the same way  
 25 when — both operationalising government action but also

62

1 when amplifying government messaging, which we did a lot  
 2 of as well.  
 3 Q. Thank you. Thank you, Mr MacDonald—Russell. That's all  
 4 the specific questions I wish to ask you. Was there  
 5 anything else that you would like his Lordship to know  
 6 about your industry or indeed anything else?  
 7 A. I think I have probably spoken at length already.  
 8 I guess a few points we would make about areas for the  
 9 future would be one about that point about alignment.  
 10 Where it's practical, doing things in the same way  
 11 brings operational benefits. It can be done quicker if  
 12 we're doing it the same way.  
 13 I think secondly, we would note the swiftness of the  
 14 financial response and the impact that made, and that's  
 15 how we went from an unimaginable situation of store  
 16 closures through to a situation where there was a path,  
 17 a very difficult path, but a path nonetheless. So that  
 18 swift fiscal response.  
 19 And I think the alignment of financial response to  
 20 restrictions is actually really important, and I think  
 21 there's certainly a different way our members  
 22 experienced the two Christmas lockdowns. We had a  
 23 lockdown in December 2020 which — and 2021. In  
 24 reality, one of those was a formal lockdown. We kind of  
 25 knew it was coming. We knew there was financial

63

1 support.  
 2 In 2021, the government sort of said that people  
 3 shouldn't ever go shopping, but didn't formally lock  
 4 down, didn't have some of those same support mechanisms.  
 5 In both of those cases, sales fell by around 12%,  
 6 compared to 2019, so absolutely massive. And Christmas  
 7 trading is about — November and December, about a fifth  
 8 of retail sales. So losing out on Christmas trading is  
 9 massive.  
 10 So I think having that, if government wants to put  
 11 in restrictions and put that thing in, it has to bring  
 12 the cheque book to kind of cover the cost of it.  
 13 Because that certainly was very hard for members.  
 14 I think the third bit is that listening to business  
 15 on the "how" to operationalise policy, I think public  
 16 health and health officials and chief medical officer  
 17 know what we need to do, and we would never dispute  
 18 that, but actually listening to us on if you want to do  
 19 2-metre distancing, if you want to protect shopworkers  
 20 by that.  
 21 Speaking to industry about it, we have loads of  
 22 experience in running shops, we know how to do things.  
 23 We also know how to speak to consumers. So bringing us  
 24 in and being part of that, I think is there.  
 25 I would say that the work government did on

64

1 amplifying and helping the industry where it felt it  
 2 could was massive. I would specifically cite the first  
 3 time we reopened in, I think it was July 2020, and the  
 4 First Minister that day going out to a shop and going  
 5 shopping, kind of just showing it was safe, and that  
 6 support for us was there. The government asked us to do  
 7 a lot. There were lots of times when they kind of came  
 8 and provided us that, and that mattered for the way that  
 9 we could feel a bit more confident ourselves.

10 Fifthly, there's a lot of engagement structures that  
 11 have been built since the pandemic. There's a quarterly  
 12 business group meeting with the Scottish Government.  
 13 There are various other forums. These are really  
 14 valuable, and they're probably not talking about  
 15 pandemic preparations, and they're talking about  
 16 whatever the issue of the day is. But actually  
 17 having — both those structures, but having those  
 18 relationships is really important.

19 I cited the meeting with the rural economy  
 20 secretary. That discussion went that way because both  
 21 sides knew each other. The minister had met with our  
 22 members several times, kind of understood the industry,  
 23 so knew what we were asking and why we were. That saves  
 24 a lot of time when you're in that very difficult  
 25 position. You kind of need both sides trusting each

65

1 other.

2 I think that's best done by having existing  
 3 structures and having ongoing engagement with retail  
 4 officials. I think that's really helpful if her  
 5 government. I don't know if we need to discuss every  
 6 hypothetical, but I think knowing that when it comes  
 7 along, we can have that, matters.

8 I guess the final point perhaps on a four nations  
 9 basis is some sort of standing crisis committee, crisis  
 10 mechanism, so that actually that collaboration can be  
 11 done on a four nations basis. I understand that  
 12 different governments will want to make different  
 13 decisions. There will be other differentials that  
 14 aren't part of the economy. It may be that healthcare  
 15 provision is different, so they had to do it  
 16 differently. But at every point, almost going, "Where  
 17 can we align?" as a starting question, and then  
 18 diverging after that, rather than everybody operating  
 19 independently, would have made things significantly  
 20 easier for our members, would have probably saved a lot  
 21 of distress, and I think also would have probably meant  
 22 people were less kind of bruised and battered by the end  
 23 of it.

24 I think the one final thing I would just note,  
 25 though, in terms of outputs, is that obviously during

66

1 the pandemic, retail workers had this incredibly  
 2 difficult responsibility. They had to go out in a very  
 3 scary situation, and they had to go again and again into  
 4 stores, wearing face coverings, washing their hands  
 5 every two minutes or so forth, having to conform to all  
 6 these restrictions; and having to deal with a lot of  
 7 customers who — some of whom were just scared, some of  
 8 whom were frustrated, some of whom were unacceptably  
 9 abusive.

10 I would say that the fact that the government  
 11 decided at the end — towards the end of the pandemic to  
 12 back the shopworker protection act, to actually put on a  
 13 legal basis that where retail workers are acting on  
 14 behalf of the state, they're given the same legal  
 15 protections as emergency workers and so forth.

16 I think that's really positive, and I think the  
 17 amazing work that retail workers did during the pandemic  
 18 definitely shouldn't be forgotten, because it was a  
 19 really difficult time, and they absolutely stood up when  
 20 they needed to. That's all I have to say.

21 MR TURNER: My Lord, I don't have any further questions,  
 22 subject to anything which your Lordship wishes to ask.

23 THE CHAIR: No, thank you very much indeed, Mr Turner. Yes,  
 24 thank you, Mr MacDonald—Russell. That was most  
 25 informative and illuminating. I am very grateful.

67

1 Right. We have a slightly longer break than we planned  
 2 for, so quarter to.

3 (11.19 am)

(A short break)

5 (11.52 am)

6 THE CHAIR: Now, Mr Turner.

7 MR COLIN SMITH (called)

8 MRS MARGARET SMITH (called)

9 MR TURNER: My Lord, we now have a panel, my Lord, from the  
 10 Scottish Wholesale Association. Mr Colin Smith and Mrs  
 11 Margaret Smith.

12 THE CHAIR: Now, good morning, Mr and Mrs Smith.

13 MARGARET SMITH: Not related.

14 THE CHAIR: Confusing. Yes, thank you. Mr Turner, when  
 15 you're ready.

Questions by MR TURNER

17 MR TURNER: Thank you, my Lord. If I could ask you each  
 18 first of all just to confirm your full names. I will  
 19 start with Mr Smith.

20 COLIN SMITH: Yes, Colin Smith, and I'm chief executive at  
 21 the Scottish Wholesale Association.

22 Q. Thank you very much.

23 MARGARET SMITH: Margaret Smith, and I was the head of  
 24 public affairs for the Scottish Wholesale Association  
 25 during the period of the pandemic.

68

1 Q. Thank you very much. Could you briefly give us an  
 2 overview of what those roles entail?  
 3 COLIN SMITH: Certainly. I think we were, going into the  
 4 pandemic, a small team anyway. There was about four of  
 5 us, and that went down to just the two of us, because  
 6 like the hospitality, in effect, our sector was closed,  
 7 or our own business was closed in terms of the events  
 8 side. So our primary role was just to keep the wheels  
 9 of the food and drink industry moving, and Margaret and  
 10 I were the key link between our members and the  
 11 government, so they could hear our stories and impacts  
 12 that the pandemic was having on our sector, and indeed  
 13 not just the economic impacts, but those on the personal  
 14 lives of our workers, our members and their workers, and  
 15 the extended families of which we remember here today.  
 16 Q. Thank you. My Lord, there is -- a Rule 8 notice was  
 17 issued to the Scottish Wholesale Association, and a  
 18 response has been received, and that response can be  
 19 found with reference SCI-SWSAxx-000002.  
 20 THE CHAIR: Very good, thank you.  
 21 Q. Perhaps by way of introduction, we could start by having  
 22 a look at the overview of the wholesale sector in  
 23 Scotland. Are you able to provide an overview of the  
 24 sector?  
 25 COLIN SMITH: Yes, certainly. I might -- would it be worth

1 me also just outlining the association and what we do?  
 2 Q. I would be grateful.  
 3 COLIN SMITH: So just for context, Scottish Wholesale  
 4 Association, we are a not-for-profit trade body,  
 5 representing food and drink wholesalers. Those  
 6 businesses are the food and drink suppliers to every  
 7 business actually that is not a supermarket. So that is  
 8 the 5,000 independent convenience stores based within  
 9 every high street and community, right across Scotland  
 10 from down in the Borders, up into the Highlands and  
 11 Islands, and our members are also supplying the 30,000  
 12 hospitality, tourism and food service outlets. Those  
 13 are the hotels and pubs, clubs, stadia, festivals,  
 14 workplace canteens, and of course not forgetting the  
 15 public sector, so the schools, the hospitals, the  
 16 prisons and the care homes.  
 17 Quite a diverse nature to our business. We're not a  
 18 homogenous industry. We're made up -- our sector is  
 19 made up of 90 wholesalers based in Scotland, and we're  
 20 operating out of around about 120 depots.  
 21 It is the role of the Scottish Wholesale Association  
 22 to ensure that the voices of those members are heard in  
 23 that £2.9 billion industry that was before Scotland, to  
 24 make sure that we -- our members are heard, that we  
 25 represent the best interests of them, help our members

1 in terms of policy and legislative process, and provide  
 2 advice on how legislation may impact a business.  
 3 But it is also about how we actually improve and  
 4 develop Scotland's economy through the wholesalers and  
 5 through our sector, and that is about supporting our  
 6 members and championing them to look at Scottish --  
 7 working with Scottish producers to increase the amount  
 8 of Scottish foods going through our business, to make it  
 9 more sustainable and reduce the carbon impact on our  
 10 sector, as well as creating that cyclical economy that  
 11 everyone wants to create.  
 12 So I think that given the importance of our sector  
 13 to the food security and food resilience, to all those  
 14 businesses I outlined earlier, it's important that  
 15 actually once we have gone through the impacts that  
 16 COVID had on our businesses and our members, that we  
 17 perhaps look at an actual Scottish Wholesale strategy  
 18 for future pandemics or indeed any other national  
 19 emergency planning, whether that be war or similar,  
 20 because without our sector, without our members, there  
 21 would be no food circulating in our economy, especially  
 22 into those more rural and remote Highlands and Islands  
 23 areas.  
 24 Q. Thank you. You mentioned there that it's a £2.9 billion  
 25 industry. Can you give his Lordship an indication of

1 how large the industry is, in terms of the numbers of  
 2 people involved?  
 3 COLIN SMITH: Yes, well, certainly going into the pandemic,  
 4 2.9 billion. It's obviously dropped, but certainly  
 5 6,500 employees, direct employees that is, but equally  
 6 our sector is supplying the tens of thousands, if not  
 7 hundreds of thousands employees, within all of those  
 8 establishments that we supply, specifically into the  
 9 pubs, clubs, restaurants, of which detrimentally  
 10 impacted half of our sector, because going into the  
 11 pandemic, the split -- that £2.9 billion, 60% was to  
 12 independent convenience retailers, the other 40% was  
 13 made up of all the businesses and sectors that were  
 14 forced to close.  
 15 And unfortunately because of the make-up of our  
 16 industry it is not just one wholesaler that is supplying  
 17 into the hospitality. That wholesaler that might be  
 18 supplying into the restaurant or the pub or the hotel is  
 19 also likely to be the same supplier or wholesaler that  
 20 is supplying the local school or the hospital. So our  
 21 sector was unable to close even though that would have  
 22 been of benefit to a lot of our members.  
 23 We're talking about wholesalers that are anything  
 24 from, you know, maybe a £300,000 turnover business up  
 25 to, you know, hundreds of millions of pounds business,

1 and our make up is actually such that those ninety  
2 wholesalers, actually 90% of those is actually Scottish  
3 based, or 90% of those Scottish-based businesses are  
4 family-run SMEs. The other 10% are national wholesale  
5 operators.

6 And we represent them all, so that would include the  
7 breaks and the big foods, whom I will name because they  
8 were also the ones who were distributing the food  
9 parcels to the vulnerable, but, equally, they couldn't  
10 do that alone and relied on a lot of the smaller SME  
11 family businesses to get those food parcels onto the  
12 Islands and the more remote communities.

13 Q. So you have discussed there the diversity in the size of  
14 the sector. Are you able to tell us about the locations  
15 you mentioned there, the Islands? Are these located in  
16 any particular parts of Scotland?

17 COLIN SMITH: Yes, I'll pass to Margaret.

18 MARGARET SMITH: The length and breadth of Scotland and  
19 obviously our members are also delivering outwith  
20 Scotland as well, some of the ones particularly in the  
21 south of the country.

22 I think one of the first things which we were  
23 dealing with when the pandemic hit was the importance of  
24 Island wholesalers. So we had a number of issues right  
25 away in terms of getting access for members onto ferries

73

1 because there were some restrictions about who was going  
2 to be able to get onto ferries.

3 Ordinarily, wholesalers on the Islands have an  
4 absolutely key role to play, because they obviously have  
5 to deal with weather emergencies quite a lot, and  
6 supermarkets on the Island don't actually hold a great  
7 deal of stock. But the wholesalers on the Islands do,  
8 so it's the wholesalers on the islands that are actually  
9 supplying a lot of the time the care homes, the schools,  
10 the hospitals and the convenience retailers on the  
11 islands. So they're actually quite an integral part of  
12 the food resilience of the islands.

13 We also have members who are in the Highlands and  
14 one of the things within our submission, you'll see that  
15 we had done six market surveys over the course of the  
16 pandemic and one of the messages that came out time and  
17 time again was that it was actually our members in the  
18 Highlands and Islands, and indeed sometimes in the  
19 Borders on the periphery of things, that were actually  
20 having the toughest time of it.

21 So we have people in the Highlands who, effectively,  
22 because of the way in which this worked out, they  
23 experienced what they told us was effectively three  
24 winters, because they're very, very reliant on trade  
25 within, say, summer and spring, because they're reliant

74

1 on international tourists. So not having tourists  
2 visiting had a massive impact on them.

3 So I think some of the figures for the whole of the  
4 Scottish market actually belie how difficult it actually  
5 was for those that were actually trying to do business  
6 in the Highlands and Islands during the sort of two-year  
7 period.

8 Q. In your Rule 8 response, you described the SWA members  
9 as the wheels to Scotland's food and drink industry.

10 Could you expand upon that, what that means?

11 COLIN SMITH: Absolutely. It is a good analogy. I suppose  
12 we could also be called the gateway to the food and  
13 drink industry, because actually we sit in the middle of  
14 the supply chain. So it's our members that are  
15 connecting the farmers, the producers, the manufacturers  
16 and suppliers of food and drink to the end user, that  
17 retail, the pub/club, and getting it to the consumer.  
18 So, you know, wheels and gateways is how we would like  
19 to be known. So, in essence, wholesalers are the larder  
20 to those businesses that we sell to.

21 So a typical convenience store might sell 3,500  
22 different products. A wholesaler, to enable the  
23 consumer choice that we all expect and to create that  
24 differentiation, our members can be stocking anything up  
25 to 15,000 different products, just to allow those

75

1 businesses to operate, to differentiate on the high  
2 street versus — compared to their competitors.

3 And I think that's the biggest problem, that when  
4 the economy closed, when the hospitality markets were  
5 forced to close, our members were sitting with all of  
6 this stock. Now, that stock ranges from, you know,  
7 fresh food and fresh produce to fish, confectionery to  
8 soft drinks, chips to cheese, beer to burgers. You  
9 know, these are businesses that are ambient, chilled  
10 fresh, frozen, short life, long life.

11 So when you're talking about a product that has  
12 three to five days' life on it and then your market  
13 closes, what did you do with that stock? It was very  
14 difficult, and basically we ended up with wasted stock.  
15 But we'll maybe come back to that in a second.

16 But certainly hopefully that indication of just the  
17 vast scale of our members' business and the amount of  
18 product highlights just what the wheels to the food and  
19 drink industry represents.

20 And if I can also touch on one of the things, and I  
21 mentioned it a minute ago, was the importance of  
22 wholesale to the Scottish food and drink manufacturers.  
23 One of the things that we did coming out of COVID, that  
24 longer-term vision, is what we need to do to help  
25 rebuild the economy, to support smaller producers,

76

1 farmers, et cetera. And that was where the delivering  
 2 growth through wholesale programme was to help, support,  
 3 train more suppliers and wholesalers into market, and  
 4 equally have the wholesale understand what it means to  
 5 support local produce. And that — the Scottish  
 6 Government helped support that, but it wasn't just about  
 7 COVID as it was; how do we actually grow out of it.  
 8 MARGARET SMITH: Can I just add something as well, and just  
 9 to actually think about, you know, the wheels to the  
 10 food and drink sector, when you actually distill that  
 11 down to individual wholesalers, that's about somebody  
 12 sending out a truck from Glasgow, say, up into Angus,  
 13 across the country, and what that route will take in is  
 14 it will take in pubs and clubs and restaurants and care  
 15 homes and schools, and by shutting down the hospitality  
 16 side of the sector what the decision-makers were doing  
 17 was effectively saying you still have to supply to that  
 18 care home in Angus but you're not going to be able to  
 19 supply to all these pubs and clubs between here and  
 20 Angus.  
 21 So that was part of the reason why our members  
 22 didn't shut down; some of them were still supplying out  
 23 of the Highlands into the Islands because it was, in  
 24 their own words that they said to us, the right thing to  
 25 do, even though they were running through reserves of

77

1 family businesses and they knew that that was a very  
 2 unviable thing for them to do economically, but they  
 3 were still trying to make sure that they were supplying  
 4 to the public sector and to people like care homes.  
 5 They also stayed open because they didn't know how  
 6 long this was going to last. Their businesses, if they  
 7 had shut, might have been for three months, they might  
 8 have been shut down, you know, for 18 months, and they  
 9 wanted to have a business to come back to. So had they  
 10 shut down their business, competitors would have  
 11 probably kind of come in.  
 12 So there was a number of reasons why they didn't  
 13 shut, but for many of them it was absolutely  
 14 fundamentally because they had that mix of customers on  
 15 these routes across the country.  
 16 Q. If I can perhaps extend the analogy, if the wholesale  
 17 industry are the wheels, can you give his Lordship an  
 18 indication of sort of the size of the chassis in terms  
 19 of the numbers of businesses that you're supporting?  
 20 COLIN SMITH: Well, I think I said they start at 5,000  
 21 independent convenience stores on our high street and  
 22 then the 30,000 hospitality food service contract  
 23 catering businesses, and then all of the public sector.  
 24 So I think the analogy is everything but supermarkets,  
 25 and that was a fundamental problem, that there was a

78

1 fixation on if we kept the supermarkets open, everything  
 2 would be fine, but, actually, and it goes back to the  
 3 whole reason that we're here, is that Government, local  
 4 authority, et cetera, didn't understand actually food  
 5 supply chains.  
 6 And, taking Margaret's analogy, or — if you were  
 7 driving home tonight, going to Glasgow on the M8, and a  
 8 fox ran out in front of you — you're busy driving, a  
 9 fox ran out in front of you, you slam on your brakes,  
 10 suddenly the wholesaler is into the back your car, but  
 11 into the back of the wholesaler is then the suppliers,  
 12 the producers, the farmers into the back of that.  
 13 Everyone gets out of their vehicle and goes what the  
 14 heck just happened? What do I do? Who do I contact?  
 15 Who's going to support me? That was the wholesalers and  
 16 that whole supply chain backwards. There was no tow  
 17 truck coming to save them, but you were okay because you  
 18 got handed rates relief straight off the back without  
 19 having to do anything. And that's where our fundamental  
 20 problem lies, that you can't just close the bricks and  
 21 mortars of things you can see and touch. There's a  
 22 whole supply chain that sits behind that that needs  
 23 support as well, and hundreds and thousands of jobs.  
 24 And if you don't support all of that supply chain,  
 25 specifically the wholesalers, because everyone else is

79

1 connected to us, support to the wholesalers then allowed  
 2 monies to flow back to pay for that food that's sitting  
 3 in the wholesaler's warehouse, to allow that supplier to  
 4 get paid, for that supplier to pay his producer of  
 5 whatever it might be, his packaging supplier. So the  
 6 money then keeps flowing backwards.  
 7 If you only stop at the front everything crashes  
 8 behind it, and that was our whole argument for the nine  
 9 months that it took for wholesale to be recognised and  
 10 for us to get any form of meaningful support. But I'm  
 11 sure we will come on to that in a second.  
 12 Q. You have mentioned there, on a couple of occasions, the  
 13 lack of understanding of the wholesale sector; have you  
 14 any indication as to why that is?  
 15 COLIN SMITH: I think it was just because of that sheer  
 16 complexity that I have outlined. I don't know if you  
 17 want to maybe ...  
 18 MARGARET SMITH: I think part of it is that people  
 19 understand bricks and mortar because they can see it,  
 20 you know. The public understands that, the  
 21 decision-makers, the politicians understand it. They  
 22 can see the supermarket. They think: that's where I go  
 23 and get my food. They don't think really beyond that  
 24 into actually what else is happening in the wider supply  
 25 chain, and I think that probably was — the big part of

80

1 it was they just had that lack of understanding.  
 2 It was a lack of understanding within the Scottish  
 3 Government, certainly — even more so, I think — within  
 4 local authorities and Enterprise Agencies, that then had  
 5 money to give out and grants had even less understanding  
 6 than the Scottish Government, I think, about what this  
 7 actually meant. And I think what it then did was it  
 8 then impacted on some of the decisions that were being  
 9 made. So, for example, if we talk about something like,  
 10 you know, are people who are driving delivery trucks to  
 11 deliver food around the country a key worker or are they  
 12 not. And over the course of the pandemic we got lots of  
 13 different answers to that, but initially in the first  
 14 few weeks we were effectively told, no, you're not.  
 15 So there was an economic argument why the supply  
 16 chain should be given support at the same time as the  
 17 bricks and mortar business, but there is also an  
 18 emotional one that comes to the mental and emotional  
 19 wellbeing of the people working in a sector, and  
 20 initially we were effectively being told you're not  
 21 important enough to be given access to childcare and  
 22 education, you're not important enough to be seen as a  
 23 critical worker, when in actual fact what you're  
 24 supplying is food, which is pretty critical to the  
 25 country.

1 So we were constantly feeling that there was  
 2 decisions being taken where people were basing that  
 3 decision sometimes on a lack of understanding of the  
 4 sector in a general sense and sometimes decisions were  
 5 taken in relation to some of the funding decisions where  
 6 they didn't understand what the makeup of the industry  
 7 was, because, as Colin says, this is not a homogenous  
 8 sector.  
 9 If you go and speak to every single wholesaler in  
 10 Scotland, they're different to the other wholesaler you  
 11 will go and speak to five minutes before and five  
 12 minutes earlier, because of where they are sitting in  
 13 the country, who their market is, what size their  
 14 business is, and a whole range of different things. And  
 15 I think that complexity was part of the reason why  
 16 certainly local authorities, enterprise agencies, when  
 17 it came to the funding, were not actually able to see  
 18 that it was important that they actually supported those  
 19 wholesale businesses because they didn't really  
 20 understand.  
 21 Sometimes we were being turned down for funding  
 22 because, for example, the nondomestic rates relief  
 23 for example, the turnover was too high. Well, this is a  
 24 high volume, low profit business. If you're having to  
 25 stock 30,000 different stock items for five thousand

1 convenience stores and 30,000 businesses, you're sitting  
 2 in big sheds with lots of stock. If you're an on trade  
 3 wholesaler who actually got treated worse than just  
 4 about any other sector, you're sitting on licensed  
 5 stock; a lot of that is duty, it's not something you  
 6 own.  
 7 So there's lots of different layers and complexity  
 8 and we were finding that some of the decisions that were  
 9 being taken in terms of funding I think were down to  
 10 that lack of understanding of, you know, how does this  
 11 system actually work, what is it about. And because  
 12 I think once you start talking to people about food and  
 13 drink wholesale and all of our different companies that  
 14 are involved in it, people now come back and say to  
 15 you: I now see your trucks everywhere. But if you don't  
 16 talk to them about it beforehand, it's part of society  
 17 that is a sector that's going around doing its  
 18 day-to-day job that most people never have to think  
 19 about or come into contact with, they think.  
 20 Q. And prior to the pandemic had there been any strategic  
 21 with the Government to try and educate them?  
 22 MARGARET SMITH: Yes.  
 23 COLIN SMITH: There had been. So I came into post 2018, and  
 24 one of the things that Margaret and I worked on fairly  
 25 extensively is to try and increase our engagement with

1 Scottish Government to have them understanding the  
 2 importance of our channel. It wasn't easy.  
 3 One of the things that actually did help us was  
 4 Brexit, not in respect of helping our industry, but in  
 5 helping our engagement with the Scottish Government  
 6 because we were invited to sit on the Brexit Resilience  
 7 Group, as it was called at the time. That then morphed  
 8 into the Food Sector Resilience Group dealing with  
 9 COVID, but through the Brexit group — and we have got  
 10 to bear in mind that COVID came at a time when we were  
 11 actually going through the Brexit transition and  
 12 actually our members were gearing up for a no Brexit —  
 13 yes, no deal, sorry. So they were actually stockpiling  
 14 food in anticipation and then COVID hit.  
 15 So, you know, they were sitting with actually  
 16 probably some excess stock or more stock than they would  
 17 ordinarily and then COVID hit which they then couldn't  
 18 sell the stock. But the relationship through the Food  
 19 Service Sector Resilience Group enabled us to  
 20 immediately have direct conversation with Fergus Ewing,  
 21 who chaired or part chaired that group at the time, and  
 22 I have got to commend him for actually — him and the  
 23 food and drink team within Scottish Government —  
 24 sitting down and listening at the very early days, even  
 25 before, actually, the full lockdown was announced.

1 I think we were looking at 14 March or thereabouts. We  
2 had discussions directly with Fergus to explain: listen,  
3 we are really concerned, this is the potential impact.

4 Our members even at that time were concerned and  
5 cash flow is very tight. We are, as Margaret said a  
6 minute ago, high volume, very low margin. So we need  
7 quick turnaround, quick sale of that product.

8 And just to give an example, we're operating on 1.3%  
9 net margin. So, you know, you can only imagine how much  
10 we need to turn over and rely on the cash coming in to  
11 pay our fixed overheads, to pay our variable costs, to  
12 pay our staff, albeit furlough obviously protected a lot  
13 of the staff costs.

14 But the engagement, where we did have good  
15 engagement prior to COVID, there still wasn't an  
16 understanding within Scottish Government itself of the  
17 real role of the sector and, indeed, there wasn't an  
18 understanding across the Parliament, and that's  
19 something that we had to work on as COVID went on in  
20 terms of the longer it went on without our sector  
21 getting support — so there was grants out there.

22 MARGARET SMITH: PERF, Pivotal Enterprise Resilience Fund,  
23 where some people were successful in getting awards.  
24 I think about 45% of wholesalers were successful in  
25 getting some sort of awards under that fund. But a lot

85

1 of them got partial awards, didn't get what they felt  
2 they kind of needed. But certainly in terms of some of  
3 the other awards that were being given out by councils  
4 and so on, that wasn't coming in our direction.

5 But if I can speak as somebody who is a former  
6 politician, I would just echo what Colin said in terms  
7 of, you know, wanting to put on record that people like  
8 Fergus Ewing, Kate Forbes, Mairi Gougeon, the food and  
9 drink officials within the Scottish Government  
10 particularly, really they did go above and beyond on  
11 many occasions for us, and it would not be unusual,  
12 particularly during the early days of the pandemic, for  
13 Colin to be sending a pithy email out to a Cabinet  
14 secretary or minister and literally having an email back  
15 within five minutes.

16 It was that sort of level, and having been a  
17 politician and been around them for a very, very long  
18 time — basically, 30 years — that's rather unusual.  
19 People were working at pace. Decisions were being  
20 taken. They weren't necessarily always the best, but  
21 they were with the best of intentions. And I think that  
22 we did over time build up the understanding and the  
23 knowledge, particularly in the food and drink officials.  
24 I think they then had to subsequently try and build up  
25 the understanding within the economic teams within the

86

1 Scottish Government and sometimes there was a great deal  
2 of warm words and understanding of what we were going  
3 through and our members were going through, but it took  
4 us time for that to actually then come through into hard  
5 cash, if I can put it that way.

6 Q. Thank you. We're coming on to discuss, obviously, your  
7 communication with Government and the like. Just before  
8 we leave the discussion about the sector, are there any  
9 other sort of operational matters which you think it  
10 would be interesting for his Lordship to hear about?  
11 You mentioned, obviously, the levels of businesses and  
12 the fact that they were having to stay open in order to  
13 provide some supplies; I mean, did any of your members  
14 have the ability to close their businesses over the  
15 piece?

16 COLIN SMITH: I think nobody — with hindsight, some of them  
17 would be better — have been better off closing,  
18 specifically those that are only servicing the on trade.  
19 So those that don't supply anything else other than  
20 alcohol. They were the first to close and the last to  
21 open. They found it the most difficult and the most  
22 stressful, and they would have been better closing.

23 The issue at the start was that nobody knew how long  
24 this was going to last, so they didn't want to close a  
25 business, you know, for a couple of months and then, you

87

1 know, reopen. It's like a tap; it's very easy to turn  
2 off a supply but very difficult to turn it all back on  
3 because, you know, with that exception of on trade that  
4 maybe have a much longer—life stock. When you start to  
5 look at fresh produce tomatoes, apples, even crisps —  
6 six weeks' shelf life — once that's closed and gone and  
7 sold or wasted, you need a longer lead time to start and  
8 rebuild.

9 And it goes back to, you know, fresh produce —  
10 wholesalers — and in terms of fresh produce — what day  
11 is today? Today is Tuesday. An order that's going into  
12 a convenience store today was probably placed on  
13 Thursday/Friday of last week. We're ordering in sort of  
14 fresh five days, if not more, in advance of you getting  
15 the stock.

16 In terms of — we'll come on to Christmas.  
17 Christmas turkeys. Christmas turkeys were ordered back  
18 in Easter because the farmers need to know how many they  
19 have to grow, if you like. So the ordering cycle of the  
20 supply chain is not just you turning up at your  
21 supermarket or your convenience store, whatever, and  
22 going: there's a tomato, I'll buy that. That came in  
23 today, yes, but it was ordered five days ago, months and  
24 weeks ago.

25 I think the implications for our sector is that it's

88

1 so diverse. When lockdown hit, those that were  
 2 primarily servicing food service outlets, those pubs and  
 3 those clubs had an immediate fall of 80% of their sales.  
 4 That was from one of our first market sector surveys.  
 5 Those that were primarily servicing retail, so those  
 6 convenience stores we talked about, they were seeing a  
 7 surge. They were seeing turnover increase 10–20%.  
 8 However, while that's great, they were also suffering  
 9 logistical issues. They then didn't have the capacity  
 10 to cope with the sudden increase in demand. They didn't  
 11 have the stock, necessarily.  
 12 But, equally, they were suffering from their own  
 13 staff issues: shortage of staff, staff going off with  
 14 COVID or family of the staff being sick that meant they  
 15 had to shield, et cetera. So it's not an easy one to  
 16 say, you know, some were impacted, some were not.  
 17 Everyone was impacted, all in different ways. Some  
 18 financially, some more logistically, and we'll maybe  
 19 come in to the logistical challenges in terms of the  
 20 supply chain and actually food, because that was another  
 21 challenge, just in terms of how people managed to get  
 22 food, how wholesalers got food.  
 23 Because there was a fight between supermarkets  
 24 getting it versus the wholesale channel. Minimum order  
 25 quantities by suppliers suddenly going from maybe

89

1 somebody having to order I will say a pallet of a  
 2 hundred cases of tins of beans or soup suddenly having  
 3 to order 18 pallets' worth.  
 4 MARGARET SMITH: I mean, wholesalers were being asked by  
 5 major, multinational companies to buy in a level of a  
 6 product that they might take somewhere in the region of  
 7 five years to actually sell. And in fact that was one  
 8 of the issues. There was a few issues that we were  
 9 going to the Scottish Government with specifically  
 10 asking for their assistance either, you know, that they  
 11 could do something about or that they could actually  
 12 take the issue to the UK Government.  
 13 There was a couple that touched on this. One was in  
 14 relation to Fergus Ewing wrote to suppliers asking that  
 15 they give, effectively, a fair crack to wholesalers and  
 16 not just supply in to supermarkets and so on, and that  
 17 they did do that.  
 18 They also wrote to the UK Government on issues  
 19 around trade credit insurance because in terms of things  
 20 like one of the other reasons why people can't shut down  
 21 businesses is because they might not get insurance to  
 22 open back up again, or there might be trade credit  
 23 issues as well.  
 24 So there were some of those kind of issues that were  
 25 affecting — and then later on into the pandemic, when

90

1 we get into the sort of 2021 period particularly,  
 2 businesses were not able to take full advantage of the  
 3 period when they could have been reopening because they  
 4 couldn't some of the stock, but also because they  
 5 couldn't get some of the staff.  
 6 So we had one situation, I think in about July,  
 7 August 2021, where one central belt wholesaler lost 30%  
 8 of their drivers in one week, that other businesses were  
 9 going around and putting bits of paper on their drivers'  
 10 windscreens saying we'll pay you more money, because  
 11 suddenly there was a real problem in terms of getting  
 12 skilled members of staff.  
 13 So sometimes there were other logistics that were  
 14 affecting the business as a result of staff absences and  
 15 the general sort of pandemic.  
 16 Q. Thank you. If I could now just ask you some questions  
 17 about the role of the Scottish Wholesale Association  
 18 during the pandemic. You've spoken before about your  
 19 engagement through the Food Sector Resilience Group and  
 20 your more ad hoc communications in terms of emails and  
 21 the like. How frequently was the Scottish Wholesale  
 22 Association engaging with Government?  
 23 MARGARET SMITH: I think they would say too much.  
 24 Q. What's too much?  
 25 MARGARET SMITH: Daily.

91

1 COLIN SMITH: Daily, yes. I think it was because the  
 2 closure had a huge impact. Suddenly, as I said, at the  
 3 very start 80% of those — the wholesaler supplying into  
 4 food services, they dropped 80% overnight and they saw  
 5 supermarkets getting business rates relief. They saw  
 6 businesses that were doing extremely well getting  
 7 support, yet our wholesalers got nothing.  
 8 And I think that we, Margaret and I collectively,  
 9 had to step up. We had to make sure that Government  
 10 understood the implications of their decisions and the  
 11 support mechanisms that they were putting in place, not  
 12 just the business rates relief but later on the PERF  
 13 funding, there was local authority funding wasn't being  
 14 given to our members.  
 15 So we were belligerent, might be the term, to say  
 16 you're doing wrong here, if you don't supply — if you  
 17 don't support our members, our sector, we're not going  
 18 to be able to restock and rebuild when the pandemic  
 19 finishes or closes — when we reopen, because we need  
 20 cash to buy more product. If we're not selling it, how  
 21 do we buy cash? Business trades credit was an issue,  
 22 that members weren't getting the credit to allow them to  
 23 go out and buy stock. Suppliers were reducing the  
 24 credit terms to our members, even though through no  
 25 fault of their own they had to close.

92



1 So it was incumbent on us to make sure that that  
 2 voice was heard and it was literally on a daily basis,  
 3 but equally it wasn't just with the ministers and the  
 4 MSPs and the food and drink team. It was trying to  
 5 speak to local authorities, because they didn't  
 6 understand supply chains. And while the local authority  
 7 grants weren't anything substantial that would benefit  
 8 our members, the fact was that our members were  
 9 going: well, nobody is coming to save us, I might as  
 10 well just try and get what I can.  
 11 But they couldn't, because actually one of the  
 12 things that they had to do at the very start was take  
 13 out these Bounce Back Loans or the CBIL loans and Bounce  
 14 Back Loans, because there was no other support there.  
 15 So they have taken loans that had to be repaid back at a  
 16 later date with a percentage of interest, but then when  
 17 they did try and apply for these loans Bounce Back, PERF  
 18 or even local authorities, they were rejected because  
 19 they had taken a loan so they didn't need the support.  
 20 But when there's no other support there, you're going to  
 21 take what is there and then it had a detrimental impact.  
 22 MARGARET SMITH: They were quite desperate. A lot of  
 23 businesses at that point were quite desperate. They  
 24 were taking — that was the only option that they had,  
 25 so that was what they were having to do. And our job

93

1 was to be a conduit constantly between the membership  
 2 and the decision-makers.  
 3 So we were trying to ensure that we were informing  
 4 members as decisions were being taken so that they would  
 5 know what the impact of that decision would be on their  
 6 business, and at the same time we were also feeding back  
 7 to the Government what was happening on the ground.  
 8 We had, I think, about four or five meetings with  
 9 ministers and with some of our members, and I know  
 10 that — you know, a lot of the members actually did  
 11 value that. I think to actually be able to be in the  
 12 video room with Cabinet secretaries and officials to  
 13 actually say this is what's happening on the ground in  
 14 my business, I think that was quite valuable.  
 15 So we were doing that work in terms of the generic  
 16 sector to Government, but we were also talking to  
 17 opposition parties as well. And I think also we did get  
 18 a lot of support from opposition party spokes people and  
 19 we did get an awful lot of support on the ground from  
 20 constituency MSPs and MPs as well.  
 21 And, as I said, some of the decisions that were  
 22 taken in terms of the Pivotal Enterprise Resilience  
 23 Fund, where we had members who were supplying the NHS,  
 24 supplying shielding boxes, who were — you know, the  
 25 previous year had been winning awards as the best local

94

1 business, they were sitting on national trades  
 2 committees, they were being turned down as not being  
 3 pivotal enough in their communities, which I think said  
 4 more about a lack of understanding of the sector than it  
 5 did about those kinds businesses.  
 6 And very often it was the Scottish Government  
 7 officials and also the MSPs that we engaged with who  
 8 then came onboard on that and then made the case on  
 9 behalf of their local wholesalers to the enterprise  
 10 agencies and a lot of them — some of these people were  
 11 on their second appeals and they were still getting  
 12 nothing and then ultimately they were given awards of  
 13 anything up to £60,000—£70,000.  
 14 So we were relying not just on the politicians in  
 15 Government, we were actually also relying on opposition  
 16 MSPs and we were also talking to MPs as well to try to  
 17 keep the pressure on the UK Government, because the  
 18 Scottish Government at least did find financial support  
 19 for the wholesale sector; the UK Government did not do  
 20 that elsewhere in the United Kingdom. So while we had  
 21 to fight every step of the way to get the support that  
 22 we did, we got it in the end. But our colleagues in  
 23 other parts of United Kingdom eventually looked on us  
 24 and said, "Well done, you guys", because the UK  
 25 Government didn't really budge on that.

95

1 But we had MPs that were also trying to kind of say  
 2 to the UK Government the importance of wholesale and  
 3 then we thought there might be consequential that kind  
 4 of came from that. So we were doing things which were  
 5 for individual businesses, we were also asking questions  
 6 and trying to get clarification about changes and  
 7 different restrictions and what the implications might  
 8 be for individual businesses, sometimes, as well as the  
 9 sector as a whole. So there was a range of reasons why  
 10 we were in daily contact with Scottish Government  
 11 officials, Parliamentary committees and MSPs, and, to a  
 12 lesser extent, MPs and the UK Government.  
 13 Q. And you mentioned you provided that conduit, and you  
 14 were in regular contact with government. You were also  
 15 in regular contact with your members; is that correct?  
 16 MARGARET SMITH: Yes, daily, I think, really for the  
 17 first — certainly several months.  
 18 COLIN SMITH: I think as my wife would probably describe it,  
 19 I was a 24 hour hotline to my members.  
 20 MARGARET SMITH: That's fair.  
 21 Q. Did you reach out to other people beyond your  
 22 membership?  
 23 COLIN SMITH: Certainly — obviously we can't work in  
 24 isolation to the other trade bodies in other industries,  
 25 you know, we need to be seen as part of a supply chain.

96

1 So we did work with Scottish Grocers' Federation who  
 2 looked after the independent convenience channel. We  
 3 actually worked up some guidance, joint guidance for our  
 4 members and retailers in terms of how to best receive  
 5 deliveries . So our members are delivering to --- into  
 6 those convenience stores, we set out guidance as to how  
 7 they should operate, and that was with the backing of  
 8 Scottish Government --- might touch on guidance in a  
 9 sec --- in a moment because there was no specific  
 10 wholesale sector guidance.

11 We worked with hospitality, UK hospitality trade  
 12 bodies, Scottish Retail Consortium who you just heard  
 13 from in the previous session, and certainly I sat on  
 14 behalf of the --- our industry on the retail strategy  
 15 group, the Scottish tourism recovery task force. We fed  
 16 into the Scotland food and drink sector recovery plan,  
 17 and it was to ensure that actually if we're going to  
 18 have sector recoveries for tourism, for high street,  
 19 then wholesale is at the back end of that. We need to  
 20 be included so we can make sure that we have got the  
 21 produce and the product to enable those businesses to  
 22 restart .

23 So, yes, we worked with different trade bodies  
 24 across the supply chain, as well as fighting our own  
 25 fight if you like .

1 Q. Thank you, and you mentioned there guidance, if we can  
 2 come on to have a word about guidance. You mentioned  
 3 the lack of sector-specific guidance for the wholesale  
 4 sector. What was the implications of that?

5 MARGARET SMITH: I mean, I think --- again, it comes back to  
 6 that start point of a lack of understanding of the  
 7 sector. But I think as things progressed, there was a  
 8 greater understanding that we needed to be heard and  
 9 taken into account, so there were occasions where, you  
 10 know, there would be guidance which actually was for  
 11 retail or was for tourism, was for hospitality , but then  
 12 approaches would be made by Scottish Government  
 13 officials to get some input from us.

14 And as Colin says, he sat on some of the short-term  
 15 working groups that were around, looking at those wider  
 16 parts of our supply chain effectively . I think we would  
 17 say that it would have been better if there had actually  
 18 been wholesaler guidance, and going forward, we would  
 19 say that --- one of the things we want to say is that in  
 20 any pandemic planning, it's absolutely essential that  
 21 the wholesale sector is involved in that before we ever  
 22 face anything like this again.

23 That is our primary reason, I think, for taking part  
 24 in this. It is because having gone through what we have  
 25 gone through, and our members have gone through, we want

1 to make sure that if there is ever another pandemic, our  
 2 successors in the wholesale sector in Scotland never  
 3 have to go through it in the way that we have had to go  
 4 through it.

5 So we want to make sure that the Scottish Government  
 6 looks at having a wholesale strategy, but they also  
 7 ensure that the wholesale voice is part of that planning  
 8 for any future pandemics, because we're absolutely  
 9 central in the midst of these connections into so many  
 10 different parts of the supply chain; our guys are out  
 11 there; 30% of what they're selling is actually from  
 12 local producers, absolutely essential in terms of the  
 13 food and drink sector.

14 We think that the Scottish Government should be  
 15 holding in-depth discussions now with the different  
 16 sectors that were involved, to actually say what was  
 17 effective and what was not so effective in actually sort  
 18 of dealing with limiting the spread of the disease.  
 19 Because there was a lot of restrictions , very complex,  
 20 complicated, confusing restrictions put on to our  
 21 customers, particularly in hospitality but also in  
 22 tourism and leisure.

23 A big part of our job, as I said, was actually to  
 24 make sure that we were informing our members about all  
 25 of these changes, because there is absolutely no way

1 that an ordinary business fighting for their life are  
 2 going to have time to have been working out what was  
 3 actually happening on a daily basis.

4 I mean, there were occasions where a piece of  
 5 guidance or a restriction would come out, and literally  
 6 the next day it would change, and then the next week it  
 7 would change again. There was absolutely no way that a  
 8 single business could be on top of that.

9 So that was part of what we were doing, and I think  
 10 going forward, I think we can all probably agree that  
 11 the public and the business sectors going forward to any  
 12 future pandemic will have a --- more scepticism when  
 13 they're being asked to lock down, or more scepticism  
 14 when they're being asked to go forward with further  
 15 restrictions to their businesses than they maybe did  
 16 this time.

17 So it's absolutely essential that the evidence is  
 18 there to say: this is why we're doing this to your  
 19 business, this is why this is being restricted . And  
 20 there was a lot of restrictions , particularly primarily  
 21 around the serving of alcohol, whether it was, you know,  
 22 different time restrictions ; sometimes it had to be no  
 23 serving of alcohol after 6 o'clock at night, 8 o'clock  
 24 at night, 10.30 at night, midnight.

25 Businesses shut down because they were primarily

1 about serving alcohol, nightclubs, you know, these kinds  
2 things. Sometimes you were told: it's okay as long as  
3 you're standing up, it's okay if you're sitting down. I  
4 mean, what was the basis of the evidence, and while that  
5 was a bit shady at the time, in terms of where that  
6 evidence was and what was it saying, on reflection,  
7 looking at back on it, it now looks probably even more  
8 unlikely that they had, you know, solid, solid evidence  
9 for some of these.

10 So I think prior to any other future pandemic, it's  
11 really, really important that they nail down that sort  
12 of — what is the evidence for these sorts of  
13 restrictions on businesses, because for wholesalers,  
14 particularly on trade wholesalers and food service  
15 wholesalers, that had an absolutely massive impact, not  
16 only economically in terms of lost sales, but also,  
17 I think, emotionally, and stress levels of never really  
18 knowing what was going to happen from one week to the  
19 next.

20 So you had people who were just starting to see  
21 businesses getting back on to their feet again, and  
22 literally from one week to the next with a different  
23 type of restriction or piece of guidance coming out,  
24 suddenly they were back, you know, losing 20 per cent,  
25 30%. And obviously the Christmas scenario where the

101

1 First Minister said, "Everybody should defer Christmas  
2 parties", is a classic example. But basically that kind  
3 of guidance and restrictions was happening all the time,  
4 and I think that's something that we would really want  
5 to look at again, going forward.

6 But I think there's a wider point as well about the  
7 importance of trade bodies, and how government is  
8 communicating with businesses about things which are  
9 really quite devastating to those businesses, not just  
10 economically, but also in terms of, you know, the mental  
11 and emotional wellbeing of the people in business.

12 Q. Thank you. You mentioned a couple of things there in  
13 terms of timing, and in particular the impact on  
14 Christmas trading. Is there anything in particular that  
15 you would highlight in respect of that?

16 COLIN SMITH: Yes, I mean, Margaret has touched on it. The  
17 guidance in terms of actually how businesses — the  
18 tiering, how businesses could open and operate was  
19 confusing at best. Going back to what I was saying, the  
20 lead time in terms of the wholesale buying pattern, our  
21 peak time of the year is sort of Easter, summer and  
22 Christmas.

23 Margaret touched on three winters in a row,  
24 specifically for those up in the Islands, because  
25 lockdown happened in sort of March, and so we lost

102

1 Easter and summer trading. We then started to see  
2 restrictions eased in sort of July/August 2020. We had  
3 the Eat Out to Help Out Scheme, I think that was  
4 4 August. And actually that was good. Certainly those  
5 members that had been in effect closed or certainly lost  
6 80% of their trade back in March started to see sales  
7 come back to around about — one of the reports was they  
8 were back around about 6–9% of pre-COVID levels.

9 So things were looking up but in the back of their  
10 mind, they were going: this is still not — we're still  
11 not comfortable, we're still not confident, there could  
12 be more lockdowns. But, you know, markets were starting  
13 to reopen, I think, and it was in November the UK  
14 Government said, you know, you know: Christmas is all  
15 good, we're good for go. So wholesalers see that as a  
16 green light, start bringing — start ordering their  
17 Christmas stock, bringing it into their depots, only for  
18 the Scottish Government and the UK Government at the  
19 time then in December starting to say: actually, you're  
20 going to have to curtail your Christmas parties.

21 So that was a huge impact for our members. In fact,  
22 I was actually sitting at one of our members when Nicola  
23 Sturgeon stood up and made that announcement, and this  
24 particular food service wholesaler supplies stadia  
25 across the UK, where hospitality — Christmas parties

103

1 were going to be held. They also supply into a lot of  
2 the hotels in Scotland. It's a Scottish-based business,  
3 but they supply into some of the larger well-known  
4 hotels in London as well. And I was sitting watching  
5 Nicola make her speech, and at the same time hearing the  
6 phones ringing of businesses, of their customers  
7 cancelling orders.

8 Now, this is a business that was sitting already  
9 with £1.7 million of stock, 35% of which was short to  
10 medium shelf life stock. They had 700 turkeys about to  
11 come in the following day, plus another £350,000 worth  
12 of stock to come in during the rest of that week.

13 If I am a business operator, it's bad enough for me  
14 sitting there, hearing this, and then physically hearing  
15 the phones ring of cancelled orders and the member  
16 going: what do I do. He'd already just come through  
17 from March to — well, March, lost a lot of stock,  
18 started to rebuild for the July/August opening, got to a  
19 reasonable point, then was starting to — had already  
20 started stocking up, as I said, given the guidance of  
21 November announcement that Christmas is a go, only to  
22 then have the rug pulled from under his feet.

23 I think that was 19 December that announcement was  
24 made, that basically no more travel — certainly across  
25 borders restrictions in terms of how many people can

104

1 meet up, and certainly no Christmas parties.  
 2 That is — you know, when we look at guidance,  
 3 guidance was not evidence-based, we don't believe, but  
 4 guidance was given with a day's notice, but with now  
 5 £2 million worth of stock, 35% of which was basically  
 6 going to be written off, with no support for those  
 7 members. And that is at the point actually where there  
 8 was — you have got the timescales in terms of the  
 9 wholesale funding that came out.  
 10 MARGARET SMITH: Yes, so we had sort of lockdown March 2020,  
 11 and then we had the whole of the rest of 2020 with a  
 12 small amount of support, £1.9 million worth of support  
 13 from PERF in April, to some wholesalers, but to none of  
 14 our on trade. So all of the rest of 2020, going  
 15 forward, as Colin says: yes, it's okay, you're going to  
 16 have Christmas, get all the stock in and everything; and  
 17 then we end up, we have — effectively that doesn't  
 18 happen.  
 19 And so the vast majority of wholesalers had gone all  
 20 the way through that year, and they had had absolutely  
 21 no help at all. No rates relief, no nothing. So then  
 22 we actually get to the point where — and obviously we  
 23 have got lots of conversations going on in the  
 24 background, with Scottish Government officials, with  
 25 ministers, with cabinet secretaries, trying to get

1 support for us.  
 2 So finally on 17 December in 2020, the First  
 3 Minister announced that there would actually be some  
 4 money for food and drink businesses. That included  
 5 £5 million for what was the first Scottish wholesale  
 6 food and drink resilience fund. That figure was then  
 7 added — there was another half a million added, so it  
 8 ended up being 5.5 million. And that was really for a  
 9 lot of our businesses, the first support they had had.  
 10 But they had had that whole year, nine months  
 11 basically trading, facing all the difficulties that they  
 12 had had, and it was only really when we hit another  
 13 Christmas problem that we actually got any support.  
 14 And the same thing happened exactly the same way  
 15 round in 2021 into 2022, because again we had another  
 16 whole year of problems, and again, it was facing with  
 17 another devastating Christmas that actually got us to  
 18 the point where — with Omicron being the big problem at  
 19 that point, we got the second sector-specific fund at  
 20 that point as well.  
 21 But if you actually look at the point Colin is  
 22 making about the late notice of closures, we did have  
 23 some issues, I think, in July/August 2020, where, you  
 24 know, people were working towards deadlines that were in  
 25 the route map, and then they were changed, so they would

1 be, you know, delayed by a week or delayed by a couple  
 2 of weeks, or whatever. You can look at that and go:  
 3 that doesn't really matter, it's only a few days. But  
 4 you can kind of see that a few days actually makes a  
 5 devastating kind of difference to people.  
 6 And then the one which really hit us badly was the  
 7 decision taken by the Scottish Government in  
 8 January 2021, 4 or 5 January 2021, where they went for  
 9 another lockdown. So they announced it on the 4th and  
 10 they went into lockdown on the 5th. So there was like  
 11 literally a day.  
 12 And if you can imagine, you have got wholesalers  
 13 that are sitting there, their freezers are full, their  
 14 fridges are full, their depots are full. They were  
 15 meant to have Christmas. They might have had a no deal  
 16 Brexit. There's all sorts of things that are going on.  
 17 There's nowhere to go. There's nobody to give money —  
 18 give your food away to. We had major problems. We were  
 19 trying, with our members and Scottish Government at  
 20 various points, to pass on food to some of the food  
 21 banks and people like that.  
 22 Christmas is the worst time of year to try and  
 23 actually do that, because their volunteers aren't there,  
 24 because their volunteers are with their families.  
 25 Businesses have already planned for — the charities

1 have planned for the Christmases. There's nowhere to  
 2 go.  
 3 So suddenly, the first week in January 2021, we're  
 4 back into lockdown again, and all the decisions that  
 5 we — were made on who was going to get funding for that  
 6 first sector-specific fund in December, I think we  
 7 opened on something like the — whichever — it was  
 8 literally about a week we were open for. We had closed,  
 9 and then decisions were taken afterwards that  
 10 effectively locked down the country again.  
 11 So the decisions on funding were made on the basis  
 12 of what people had experienced in the previous year, but  
 13 they were also based on what their projections were for  
 14 the coming months. So all of those projections for the  
 15 coming months were not worth the paper they were written  
 16 on, because suddenly we were into another national  
 17 lockdown. And although that national lockdown didn't go  
 18 on for quite as long, it obviously still had a  
 19 devastating effect.  
 20 So these decisions about when to shut down had  
 21 massive implications, not just in terms of stock levels.  
 22 People would also be brought off furlough, because, you  
 23 know, there was an instruction under a route map or a  
 24 strategic framework or whatever, that hospitality was  
 25 going to open up again. So businesses would bring

1 people off of furlough, and then the decision would be:  
 2 no, we're not opening up. So those people would be  
 3 being paid for and not having anything to do.  
 4 So there was — it is a very complex picture.  
 5 I mean, I think, you know, we have discussed before that  
 6 if you actually sit down and try to write a timeline of  
 7 what actually happened to us over all of this piece with  
 8 all the different geographic restrictions brought in,  
 9 whether you are talking about Dumfries and Galloway, or  
 10 Aberdeen, or the central belt, or Glasgow, or whatever,  
 11 as well as the national restrictions, frankly, you have  
 12 to go and lie down in a darkened room, or probably take  
 13 one of our — trade wholesalers for some assistance,  
 14 because, frankly, it's very complicated. But all of  
 15 those decisions had implications that Colin has just  
 16 explained at the sharp end that immediately meant, in  
 17 some cases, tsunamis of cancellations.  
 18 Q. Thank you. You've touched upon a number of financial  
 19 support matters over the piece and the timing of that,  
 20 and as you say, decisions being taken in terms of  
 21 lockdown after the event and the like.  
 22 One issue I wanted to pick up with you, though, was  
 23 you had obviously — you had mentioned your regular  
 24 communications with politicians, and there still being  
 25 quite a delay until any financial support came. What

109

1 was the impact of that delay on your membership?  
 2 COLIN SMITH: Yes, I think Margaret outlined why that delay  
 3 was also there in terms of the recognition by Fergus  
 4 Ewing, the food and drink team opposition parties. They  
 5 weren't in charge of the finances. That was, you know,  
 6 Kate Forbes at the time was in charge of the finances.  
 7 She didn't necessarily have the finances to support us  
 8 even if she did want to earlier or sooner but I think  
 9 grateful for the support that we eventually did get.  
 10 What it did mean though is that there was a lot of  
 11 suffering up to that point and indeed there still is.  
 12 You know, 90% of our sector is family-run SMEs. They're  
 13 reliant on, as we said, high turnover, cash flow. So  
 14 what it meant for those businesses was that any cash  
 15 that they did have was then used to cover their ongoing  
 16 fixed costs. Now, these are massive warehouses upwards  
 17 anything from 30,000 square feet up to hundreds of  
 18 thousand square feet, with chillers, with freezers, that  
 19 can't be switched off otherwise all of that food would  
 20 be ruined, so there's energy costs, ongoing energy  
 21 costs, regardless of you've got any sales or not.  
 22 You've got your leasing, your rent if you lease or rent  
 23 your building. You've got your fleet costs. A lot of  
 24 the businesses lease vehicles so they weren't stopped,  
 25 they still need to pay the lease on the vehicles. Plus

110

1 a multitude of other costs. You have still got your  
 2 suppliers chasing you and hounding you for payment. So  
 3 what that meant was that in order for them to keep just  
 4 in abeyance, shall we say, or continue supplying those  
 5 20% of customers they still have which is, you know, no  
 6 profit whatsoever, it's costing them money to go out and  
 7 service those customers but at least it's getting some  
 8 cashflow in, at least it's getting some stock sold  
 9 through the system, it meant that they were relying on  
 10 the cash reserves or loans that I mentioned earlier to  
 11 see them through. It would have been easier if those  
 12 businesses could have closed. However, the majority  
 13 couldn't, even if they wanted to, because they were  
 14 servicing public sector or they were also servicing some  
 15 retail customers. Because those businesses were still  
 16 open, they were unable to close and claim on their  
 17 insurance any business interruption insurance. Now,  
 18 that's something the Prime Minister mentioned when he  
 19 did the first lockdowns, go on and claim your business  
 20 interruption insurance. A lot of businesses don't that  
 21 and even they did, as I just outlined, they couldn't  
 22 claim on it anyway because some of their customers were  
 23 not told to close so they had to continue servicing  
 24 those customers at a loss to that business. So I think  
 25 if — the narrative that we said — and it's a true

111

1 narrative. If Scottish Government didn't step in and  
 2 support our sector, there would be a failure in  
 3 Scotland's food and drink supply chain. There would be  
 4 a failure because it's not just reliant on smaller SMEs;  
 5 it's also reliant on the bigger SMEs, the big  
 6 wholesalers, I mentioned two national operators  
 7 previously. If the 90% of SMEs that are Scottish-based  
 8 failed, these large national operators wouldn't have the  
 9 scope or capacity to pick up that slack. There would be  
 10 a complete breakdown and failure of the supply chain.  
 11 Unfortunately UK Government took that attitude: as long  
 12 as there's somebody still standing at the end, we'll be  
 13 fine. No, you won't. If you have got 600 wholesalers  
 14 across the UK, one wholesaler regardless of how big you  
 15 are is not going to be able to suddenly come in and  
 16 supply what 600 do.  
 17 MARGARET SMITH: And we saw that, we saw that in terms of  
 18 the shielding boxes as well, that it was local  
 19 wholesalers particularly those on the islands, they were  
 20 the ones who were actually — on behalf of the big guys  
 21 actually delivering the shielding boxes. There was a  
 22 need for everybody — I think the Scottish Government  
 23 didn't actually see the argument that you actually had  
 24 to try and support your Scottish SMEs so that they were  
 25 actually still standing at the end of it and I think by

112

1 a combination of the sector—specific support that we got  
 2 and the furlough scheme, those two things, I think meant  
 3 that at the end of it we did have a Scottish wholesale  
 4 sector that was still standing, pretty bruised,  
 5 difficult time, but the vast majority of businesses  
 6 still there.  
 7 COLIN SMITH: Yes, I think I would also just say it wasn't  
 8 just about the Scottish SMEs, the big need the small and  
 9 the small need the big. The big wholesalers suffered  
 10 themselves so those national operators, when hospitality  
 11 closed, they're also servicing those big contracts. The  
 12 big operators are also servicing your well—known fast  
 13 food joints that also closed. One of those members lost  
 14 hundreds of thousands of pounds worth of stock at the  
 15 first lockdown, in fact probably even into millions,  
 16 just because the business suddenly stopped, so the  
 17 bigger you are, the harder you fall, so they did fall.  
 18 It's not just — everyone suffered through this. The  
 19 way that the support mechanism worked out in the end  
 20 certainly the first round was protecting the SMEs, the  
 21 smaller wholesalers. However, there was recognition  
 22 through ourselves saying in the second round if there  
 23 was funding available after supporting the smaller SMEs,  
 24 if there was funding available, can we support the  
 25 larger, because they had suffered, and there was some

113

1 that did get that financial support and rightly too  
 2 because it's about trying to protect the whole supply  
 3 chain, not necessarily any particular one type of  
 4 wholesaler.  
 5 MARGARET SMITH: Can I just add a couple of things as well  
 6 is that in terms of the lessons to be learned, I think  
 7 for us one of the big lessons is the importance of the  
 8 sector—specific financial support that was given.  
 9 Probably have given you a flavour today of just the  
 10 complexity of this sector. Now, numbers were not  
 11 massive. We were talking about 40 or 50 kind of  
 12 wholesalers that would have been getting support from  
 13 those kinds of sector—specific funds but the work on  
 14 that and we were involved in awards panel with the  
 15 government and Scotland Food and Drink and others, you  
 16 know, we were looking at that case by case granular  
 17 level, taking into account all of these kinds of costs  
 18 and loss that Colin has talked about. The  
 19 sector—specific support was most effective because it  
 20 made sure that we helped the people that needed help but  
 21 we think it was almost more effective for the public  
 22 purse as well. It meant that unlike some of the rates  
 23 release for large supermarkets, you know, that was just  
 24 given out to them without them needing it, they were  
 25 actually making massive profits. It meant that we were

114

1 actually looking at it and saying, who needs this  
 2 support. So, yes, it takes more time and it's more  
 3 tricky to get it right in terms of your eligibility and  
 4 our eligibility changed slightly from Sector Fund 1 to  
 5 Sector Fund 2 but that is the most effective support if  
 6 you actually want to actually see business survival at  
 7 the end of it for critical businesses like ours.  
 8 And the other point I just want to pick up on in  
 9 your question, yes, we had a good working relationship  
 10 ongoing with the Scottish Government. We do know that  
 11 there was definitely times where if they had had the  
 12 funding available to them, they would have given us  
 13 support earlier in the process than we actually got it  
 14 and we do know that there was times particularly towards  
 15 the latter half of the pandemic where they were  
 16 effectively waiting to see whether or not they were  
 17 getting further funding from the UK Government in the  
 18 form of consequential based on non—domestic rates  
 19 legislation that we were effectively kept waiting for  
 20 that second lot of support that we were getting and I do  
 21 think there was times where the Scottish Government  
 22 would have wanted to be doing things, whether that was  
 23 restrictions or financial support and we were just  
 24 waiting in a queue for a decision to be taken at  
 25 Westminster about whether or not that was the case.

115

1 I think that was shown in some of the comments made by  
 2 not just the First Minister but the other devolved  
 3 administrations and indeed the one — you know, the  
 4 English mayors. There were some times where decisions  
 5 were made because this is now what England needs and so  
 6 therefore everybody else can actually get that support  
 7 whereas actually the support was needed beforehand so  
 8 that was in some cases part of the delay.  
 9 Q. You've used the term "suffering" in a number of  
 10 different contexts. Are you able to tell his Lordship  
 11 anything about the personal impacts on your members or  
 12 your member's staff?  
 13 MARGARET SMITH: Yes, one of the things that we've done in  
 14 advance of writing our submission to your lordship was  
 15 to actually talk again to some of our members and I  
 16 think they obviously decompressed slightly and they  
 17 maybe a little bit more reflective and I think one of  
 18 the meaningful ones to me was talking to somebody who  
 19 was running a fourth—generation family business and them  
 20 saying to me, you know, the stress for them was just  
 21 unbelievable, the stress for them in terms of having to  
 22 make people redundant that they had known all their life  
 23 and thinking that they were the people who were going to  
 24 lose their business after four generations, that they  
 25 had seen it through wars, they'd seen it through all

116

1 sorts of economic ups and downs, but they were the ones  
 2 who were not going to be able to save their business and  
 3 I think we also had people who we know were running very  
 4 successful wholesalers hit by this furloughed a lot of  
 5 their staff and then literally tried to run these  
 6 businesses themselves, one or two people running  
 7 businesses putting themselves through enormous stress,  
 8 you know, mental, physical, emotional hardships to try  
 9 to keep their businesses going. I also know talking to  
 10 one of our larger retail wholesalers who actually did  
 11 have onsite testing for their hundred plus employees  
 12 that as well as doing that, they also within the  
 13 pandemic saw the mental health implications that the  
 14 pandemic was having on their business and on their  
 15 workforce, their work colleagues, so we started a  
 16 programme during the pandemic to help that, which they  
 17 have continued to this day and expanded, you know, since  
 18 the pandemic. I think there was a lot of people who  
 19 were working incredibly hard just to try to keep those  
 20 wheels on the road. And, you know, I think there's  
 21 maybe some sense now for some of them, Colin is still  
 22 involved in this, I have taken semi-retirement and I'm  
 23 not, but for some businesses now, I think people have  
 24 got through it and then have seen that there is a life  
 25 after this and have sold businesses and moved on because

117

1 I think that it was for many, for most of them, very  
 2 stressful time.  
 3 Q. Thank you. I'm going to give you an opportunity in a  
 4 moment just in the last five minutes that we have to  
 5 raise any specific matters that we haven't touched upon  
 6 that you would like his Lordship to hear, if there's any  
 7 key lessons that you feel should be taken away. Before  
 8 I do that, I will just reiterate that you have provided  
 9 the Rule 8 response and unfortunately in the limited  
 10 time that we have for the hearing this morning, we  
 11 haven't had an opportunity to discuss all of that. His  
 12 Lordship will of course take everything that's within  
 13 that Rule 8 response and indeed the other documentation  
 14 that's been provided to the Inquiry into full account  
 15 but if there is anything that you would like to mention  
 16 now that we haven't had an opportunity to touch upon  
 17 specifically, please feel free to do so in the last few  
 18 moments that we have today.  
 19 COLIN SMITH: Thank you very much. Now, I mean it's good  
 20 for us to be able to give this oral evidence session and  
 21 sort of bring to life maybe some of our report. I think  
 22 we would need several more hours to go through it all  
 23 but certainly just picking up in terms of the last  
 24 comment in terms of the people, I think it's fair to say  
 25 that even internally within the trade body ourselves, it

118

1 was me and Margaret that was having to do all of this  
 2 work to get convey to government and others just the  
 3 impact that this was having on our sector and that took  
 4 its toll on us ourselves and that's not unique, I don't  
 5 believe, to us. That will be the same within other  
 6 trade bodies and trade associations whereby, you know,  
 7 as I said, we had four, four and a half staff at the  
 8 start of the COVID, we had basically furloughed two  
 9 because we had no events or awards and conferences, et  
 10 cetera, so there was a lot more work and pressure on us,  
 11 which impacted then on our work lives. I think, you  
 12 know, the issue that we also faced, it wasn't just about  
 13 COVID and it wasn't just about looking actually at what  
 14 we need to be doing as a trade organisation coming out  
 15 of COVID so that was looking at our training programmes,  
 16 delivering growth, sustainability, and how we then  
 17 looked at zero of our channel but it was also then  
 18 having to deal with the other legislation that was still  
 19 bubbling away. Scottish Government rightly paused all  
 20 legislation that was on the go at the time that Covid  
 21 hit with the exception of the positive return scheme. I  
 22 have got to mention that because six years of my life  
 23 was spent on that and I think ourselves and other  
 24 industry, everyone else within the food and drink  
 25 industry, asked for that to be paused. Unfortunately it

119

1 was the one thing that Scottish Government continued to  
 2 do but it would have a detrimental impact as it  
 3 transpired but it had an impact that the capacity that  
 4 Margaret and I had in dealing with COVID was then  
 5 overlaid by the stress and complexity of dealing with  
 6 DRS. Food and drink, the drink element, beverages was  
 7 our — that's our sector so our members were going to be  
 8 impacted by DRS and we had to get involved in all of  
 9 those discussions.  
 10 MARGARET SMITH: And the evidence was going to change.  
 11 COLIN SMITH: And the evidence, yes, in terms of how DRS and  
 12 the evidence at the end of it after COVID was going to  
 13 be different from what it looked like at the start so  
 14 that's certainly one thing that we would ask for is the  
 15 suspension of all relevant legislative programmes during  
 16 a pandemic and actually any other emergency situation  
 17 that may arise in the future. I think we have asked for  
 18 and hopefully evidenced enough to warrant the  
 19 establishment of a Scottish food and drink wholesale  
 20 strategy again the importance of SWA being involved in  
 21 the development of that is integral and is not just  
 22 about creating a strategy but it's actually just  
 23 continuing that ongoing engagement with us from now and  
 24 infinitum and I guess, just looking at our notes here,  
 25 didn't quite touch on it and it's not a big one but it

120

1 goes the key worker definition or essential worker,  
 2 depending on what you want to call it, that's not quite  
 3 been defined yet and it is integral to our sector that  
 4 we are recognised as being part of that national  
 5 infrastructure, that specifically our drivers are  
 6 recognised as key workers because at the end of the day,  
 7 they are skilled, they have to have a licence, an HGV  
 8 licence, it's not just anyone who can jump in a cab or  
 9 truck so without those people, those critical key  
 10 workers, we still wouldn't have been able to get that  
 11 distributed. I don't know, Margaret, if you want to add  
 12 more on key worker?  
 13 MARGARET SMITH: Just on the key worker thing, most of that,  
 14 most of the real concerns about that were right at the  
 15 beginning and people were panicking about being able to  
 16 do their job. I think over the piece there were times  
 17 whether, it was COVID testing, whether it was access to  
 18 PCR testing, elements like that, we actually found  
 19 ourselves — we went from, "No, you're not key enough to  
 20 get schooling access" to, "Well, we'll make you category  
 21 3 and then we'll prioritise you to priority 2 on the  
 22 matrix because we do think you are quite essential so we  
 23 will give you COVID testing and then, yes, you will get  
 24 access to PCR test and yes you are critical enough that  
 25 we're actually going to give you the potential for

121

1 exemption from, you know, ten-day isolation on a couple  
 2 of occasions as well". So we were kind of treated in  
 3 different ways at different times, probably with a  
 4 greater understanding as time went on how critical it  
 5 was that drivers and other elements of the workforce  
 6 were actually working in the face of absences because of  
 7 Omicron or whatever but I think if we had something like  
 8 that nailed down in place before a pandemic started,  
 9 that would actually be helpful at the beginning of any  
 10 pandemic so that people are really aware of who is going  
 11 to be able to be given access, particularly in terms of  
 12 sort of issues like schooling. And one of the things  
 13 I would say is that, you know, we are obviously here  
 14 representing the SWA and representing the whole of the  
 15 sector and we can only give you the best information we  
 16 have so we know that probably there were a handful of  
 17 people that we are aware of that were actually able to  
 18 get access to childcare and education for their kids at  
 19 the beginning of the pandemic but obviously we don't  
 20 know exactly how many people tried to get access because  
 21 not everybody is going to pass on that information to us  
 22 but I think at the beginning of the pandemic, it would  
 23 have helped people immeasurably if they had actually had  
 24 something that they could say "we know that our sector  
 25 is covered by that particular guidance" from the outset

122

1 instead of — we were chasing down COSLA, we were  
 2 chasing down the Scottish Government. Individual  
 3 businesses were chasing down individual councils because  
 4 32 councils could have defined this in 32 different ways  
 5 and that can't be right at a point where people are  
 6 facing this kind of economic and health crisis in their  
 7 own businesses and their own lives.  
 8 Q. Thank you very much.  
 9 MR TURNER: Unless your Lordship has anything additional?  
 10 THE CHAIR: No, thank you. Yes, thank you both very much  
 11 indeed. 2 o'clock.  
 12 (1.10 pm)  
 13 (Luncheon adjournment)  
 14 (2.00 pm)  
 15 MR TURNER: Good afternoon, my Lord.  
 16 THE CHAIR: Good afternoon, Mr Turner. Now, another witness  
 17 for us.  
 18 MR DAVID THOMSON (called)  
 19 MR TURNER: Indeed. The next witness, my Lord, is  
 20 David Thomson from the Food and Drink Federation  
 21 Scotland.  
 22 THE CHAIR: Good afternoon, Mr Thomson.  
 23 A. Good afternoon, my Lord.  
 24 THE CHAIR: Right, I'm pretty sure that Mr Turner will have  
 25 some questions for you. On you go when you're ready.

123

1 Questions by MR TURNER  
 2 MR TURNER: Good afternoon, Mr Thomson. Before I begin,  
 3 just to say this afternoon's hearing will be  
 4 transcribed. There is a stenographer listening, so if  
 5 you and I both speak slowly and clearly, then hopefully  
 6 we will make their job significantly easier. Could I  
 7 ask you, please, to state your full name.  
 8 A. My name is David John Charles Thomson.  
 9 Q. You are the CEO of the Food and Drink Federation  
 10 Scotland; is that correct?  
 11 A. That's correct, yes.  
 12 Q. How long have you held that role?  
 13 A. I have been in that role nine years to the day.  
 14 Q. Nine years to the day. What does your role involve for  
 15 the federation?  
 16 A. So I work across a membership organisation. So our  
 17 members are food and drink businesses and they pay a  
 18 membership subscription, and we support them on a wide  
 19 range of things to do with policy, regulation. So that  
 20 means that I talk to the Scottish Government, Food  
 21 Standards Scotland, politicians and other stakeholders  
 22 in Scotland and across the UK on behalf of our members,  
 23 and I also speak directly to members to help try to  
 24 interpret the decisions made by policymakers and  
 25 legislators.

124



1 Q. Thank you. I notice you also have a second title as the  
2 director of strategy and devolved nations for the Food  
3 and Drink Federation; is that correct?

4 A. That's correct, so the Food and Drink Federation, which  
5 we're part of, is a UK organisation. So our membership  
6 is — has many hundreds of food and drink businesses all  
7 across the UK.

8 I specifically represent those who work and  
9 manufacture in Scotland, but also we have members across  
10 the whole of the UK who obviously sell into Scotland.

11 I am also therefore responsible for general strategy  
12 for the whole organisation at UK level and also looking  
13 after our interests in Wales and in Northern Ireland.

14 Q. Thank you. You have provided a statement to the  
15 Inquiry, or rather, I should say, a Rule 8 response to a  
16 Rule 8 request from the Inquiry, and for the record, my  
17 Lord, that is SCI—FDFxxx—000001.

18 I should say, Mr Thomson, thank you very much for  
19 the Rule 8 notice. Everything that's in that response  
20 will be taken into account. We do have a relatively  
21 short period of time this afternoon, but anything that  
22 has been provided to the Inquiry, including that  
23 response, will be taken fully into account by his  
24 Lordship, even if we don't have an opportunity to speak  
25 about any specific matters. You're here representing

125

1 the Food and Drink Federation, and you have mentioned  
2 there its membership, food and drink manufacturers, and  
3 I think also those who have an interest in the market in  
4 Scotland?

5 A. Yes.

6 Q. Do you have any other members?

7 A. Yes. We have a category of members called professional  
8 affiliates, and those are typically those who provide  
9 services to the food and drink manufacturing industry,  
10 so that ranges from lawyers and banks to engineering and  
11 AI companies.

12 Q. Thank you, and what is the overall aim of the  
13 organisation?

14 A. The aim of the organisation is to promote food and drink  
15 manufacturing, and to support our members in getting  
16 their — in ensuring their voice is heard in the policy  
17 and regulations space.

18 Q. Thank you, and you mentioned that it's funded by  
19 subscription?

20 A. It is funded by subscription from our members, yes.  
21 Across the whole of the UK, our main source of income is  
22 membership subscription, professional affiliate  
23 subscription, and the money we derive from events.  
24 In Scotland, we are lucky to receive three different  
25 grants from the Scottish Government to support specific

126

1 initiatives that help both the Scottish Government's  
2 policy outcomes, and also the food and drink  
3 manufacturing industry.

4 Q. Thank you. You're obviously here to discuss today the  
5 role of FDF in the pandemic, and as part of your Rule 8  
6 response, you summarise that at answer 3, and if I could  
7 just read that back to you.

8 You summarise that as:  
9 "FDF Scotland's primary role lay in representing the  
10 issues raised by our manufacturing members to the  
11 Scottish Government, Food Standards Scotland and other  
12 bodies as appropriate, and in helping to explain and  
13 communicate Government and Food Standards Scotland  
14 guidance and advice to our members. FDF Scotland was  
15 also a member of the group tasked with creating the  
16 Scottish Manufacturing Guidance. FDF Scotland, as part  
17 of the Scotland Food & Drink Partnership, also helped to  
18 design and partially deliver the food and drink recovery  
19 plan agreed with the Scottish Government."

20 Is that a fair summary?

21 A. That is a fair summary.

22 Q. Thank you. From that fair summary, is it fair to say  
23 that the Food and Drink Federation has a good  
24 understanding of the issues that affected its members?

25 A. Yes, we would. We dealt with many, many inquiries

127

1 across the UK. I think it was almost 600 inquiries from  
2 members in particular over the early parts of the —  
3 over the early parts of the pandemic, and so, yes, we  
4 would say we have got a clear understanding of what our  
5 members were concerned about.

6 Q. Thank you. And one of those concerns you highlighted at  
7 answer 15 was regarding the designation of key sectors  
8 and key sector workers, key workers. You noted in  
9 particular one of the lessons I think to learn was that  
10 the need to designate all of the food and drink supply  
11 chain as a key sector, and that should include access to  
12 childcare and freedom of movement?

13 A. That's correct, yes.

14 Q. If I could unpack that a little bit, what do you mean  
15 when you say all the food and drink supply chain?

16 A. So the food and drink supply chain is more than just  
17 food and drink manufacturers, and indeed food and drink  
18 manufacturers themselves go into several sectors,  
19 whether that's seafood, bakery, whether that's meat  
20 processing. So there's a whole range of different  
21 sub-sectors within manufacturing, but also of course  
22 there's farming, fishing, logistics, as I think you have  
23 heard from earlier today, and retail.  
24 So all of that needs to work in concert together in  
25 order to get food from the field to your plate.

128

1 Q. Thank you. The need to designate all of that chain, why  
2 is that important?  
3 A. So there was a distinct difference in Scotland, compared  
4 to what we saw across the whole of the UK. We saw at UK  
5 level, the DEFRA secretary and others very quickly  
6 saying that all food and drink was a key sector; whereas  
7 in Scotland, there was a period of time, quite a  
8 significant period of time at the start of the pandemic,  
9 when there was a significant concern about making all of  
10 the food and drink supply chain a key sector.  
11 For example, there was some differentiation with  
12 whisky production, and there was some discussion about  
13 which type of food and drink it would be necessary to  
14 continue to produce in the midst of the pandemic. So  
15 there was a bit more discussion about which parts of the  
16 food and drink supply chain should be kept open as a key  
17 sector in Scotland, as compared to what we saw in the  
18 rest of the UK.  
19 Q. When we're talking about a supply chain like that,  
20 you're saying which parts — is it possible to keep  
21 parts of a chain open in that sort of manner?  
22 A. It would be our contention that it's not, and the reason  
23 for that is because everything is interlinked. You  
24 know, logistics companies that only have two  
25 manufacturers to meet the needs of would not therefore

129

1 be able to maintain a service. Engineering suppliers  
2 that only have one or two businesses that have kept open  
3 in any geography would not be able to continue offering  
4 a service.  
5 So from our point of view, everything is  
6 interlinked, and it's really, really important to keep  
7 every bit working, because there will be unintended  
8 consequences if you close certain parts of it down.  
9 Q. I know from — because we have spoken a bit about your  
10 background, Mr Thomson, but given what you know, is that  
11 a surprising approach that the Scottish Government took?  
12 A. I think it was in some ways a surprising approach. We  
13 had always been under the expectation that all of food  
14 and drink would be viewed of — as a key sector. You're  
15 referring to my previous career in the civil service,  
16 and when I was also head of food and drink in the  
17 Scottish Government. And for me, it was absolutely  
18 clear to me at that point that all of food and drink was  
19 a key sector and would be designated as such.  
20 So it was a surprise to us in the particular  
21 conditions of the COVID—19 pandemic, there would be  
22 discussion as to what it was appropriate or not to keep  
23 open, because that wasn't, I think, what we felt that  
24 the deal was.  
25 Q. Are you able to offer any view, and please forgive me if

130

1 you're not able to offer any view, as to why that was  
2 the approach taken?  
3 A. I think there are multiple reasons. Number 1 is  
4 Scottish Government officials and ministers were dealing  
5 with something completely unknown. They did not know  
6 how to handle it, and were extremely concerned about  
7 loss of life and the disease travelling amongst people  
8 who were together.  
9 So one can easily understand why they were looking  
10 to make sure that as much as possible was — you know,  
11 staying at home during the pandemic.  
12 So I can understand the reasoning behind that, but  
13 I think it also portrayed a bit of a misunderstanding as  
14 to how the food and drink supply chain works, and how it  
15 is also interconnected, which I think if I was to  
16 characterise that, there was a bit of suspicion about  
17 businesses just wanting to keep open for business's sake  
18 and I think that was unfortunate in those conditions.  
19 Q. Thank you. You've mentioned that FDF as a whole is a UK  
20 organisation, and you have touched upon this briefly,  
21 but are you able to contrast that approach with the  
22 approach in the rest of the UK?  
23 A. There was far less fuss in that case. It was very  
24 clear, as I said. The Secretary of State for DEFRA,  
25 very clearly and very early, I think it was 19 March,

131

1 put out a statement saying that food and drink was a key  
2 sector and should be treated as such. And of course  
3 what key sector meant was unlocking two things which I'm  
4 sure we'll go into.  
5 Number 1 was the ability to continue to produce and  
6 manufacture, and number 2 was access to childcare. And  
7 both those things meant at UK level, there was a very  
8 early, clear signal from the UK Government, and it took  
9 us some time to get a similar clear signal from the  
10 Scottish Government.  
11 Q. Thank you, and just to put that in perspective, that's  
12 19 March, that's actually before the first lockdown?  
13 A. Correct.  
14 Q. Thank you. I would like to ask you a few questions now  
15 just about the consequences of the Scottish Government  
16 approach to key workers. Are you able to indicate what  
17 effects that had on the availability of workers for the  
18 Scottish food and drink industry?  
19 A. It raised a number of concerns as you can imagine. So  
20 the first one was a concern amongst those working in  
21 business in general as to whether their particular  
22 establishment should be being kept open. So there was  
23 some concern and confusion about that with individual  
24 businesses.  
25 Secondly, it caused concern as to access to

132

1 childcare. All the schools were being closed, and  
2 therefore many workers with childcare responsibilities  
3 couldn't therefore necessarily plan to go to work. As  
4 well as that, there was of course the general concern in  
5 the population about coming to work, which  
6 understandably had an impact.

7 So all three of those meant that there was the  
8 danger of not enough people arriving in order to run a  
9 shift or to operate a factory, and that was a real  
10 concern for members, especially in that first few weeks  
11 and — of the pandemic, yes.

12 Q. Are you able to give his Lordship any sort of  
13 indication, and I appreciate this may be very broad  
14 brush, but any sort of indication in terms of the level  
15 of impact that had on worker availability?

16 A. It's quite hard, because it depended on individual  
17 businesses, but certainly I was looking yesterday at  
18 individual reports, and, you know, 12 to 15% down, and  
19 actually through the pandemic, our survey data this is  
20 whole UK survey data rather than Scotland specific,  
21 indicated that many businesses were — the average,  
22 I think, was about 19 to 20% down on staff during that  
23 initial six-month period.

24 Q. What are the consequences of that lack of staff for the  
25 industry?

133

1 A. Well, there's — there are a number of things.  
2 Number 1, it's: can they operate all the shifts and can  
3 they manage to continue productivity in that period of  
4 time. It also means that opportunities to access new  
5 markets and new customers are completely unavailable to  
6 them, because they don't have the capacity, and given  
7 the nature of coronavirus was pretty chaotic, I think,  
8 even just simple day-to-day planning was quite  
9 difficult, because you couldn't necessarily guess who  
10 would be in and who would not be in on a particular day.

11 Q. To your knowledge, did any of that have any effect in  
12 terms of the supply chain's ability to operate?

13 A. So there were so many other things going on. It's quite  
14 hard to say. As I say in my evidence, you know, there  
15 was failure of some markets, the hospitality market, for  
16 example, and the food service market. So businesses  
17 were doing a huge amount of changing what they were  
18 doing on a week-to-week basis anyway, that actually is  
19 probably quite difficult to be able to say there.

20 The supply failures that we did see and were quite  
21 obvious, things like pasta and bread, were more about  
22 consumer sentiment at any particular time than the  
23 ability to manufacture.

24 Q. Thank you. Turning to the workers themselves, are you  
25 able to tell his Lordship about any of the impacts that

134

1 that might have had — the designation of key workers  
2 might have had on their individual lives?

3 A. So there were, I guess, three things I would pick up.  
4 The first is obviously that access to childcare, which  
5 was of significant importance, because it would allow  
6 them to access employment and continue their employment.

7 I think the second element is about actually pride  
8 in the job, so being a key worker is something that was  
9 associated with pride, and we actually ran a kind of  
10 hidden heroes campaign during the pandemic to talk about  
11 those who were working in the food supply chain to make  
12 sure that people could eat. And I have seen testimony  
13 from a number of people in the years since, with  
14 enormous passion and pride, about what they did during  
15 the pandemic.

16 And I guess the third element, which we have not  
17 touched on, is freedom of movement. So actually we were  
18 in a position where Police Scotland were cracking down  
19 on people who were driving across geographical  
20 boundaries, and so access to key worker would allow  
21 someone who, for example, worked in South Lanarkshire  
22 but lived in North Lanarkshire to actually cross those  
23 boundaries and to access their employment. So, you  
24 know, both practical and emotional ways that people were  
25 happy to be key workers, I think.

135

1 Q. Thank you. Just picking up on that last point regarding  
2 travel, did FDF or its members take any steps to help  
3 workers in that regard?

4 A. Yes, in terms of providing support for travel, yes, so  
5 there was guidance published by the UK Government, which  
6 we supported, on social distancing in cars and travel.  
7 So we supported that getting out to as much of the  
8 workforce as possible, so both businesses and the  
9 workforce understood those elements.

10 And also, we actually with our partner  
11 organisations, came up with a letter which we wrote  
12 which we used to hand out to people, just in case they  
13 were stopped by the police, to show they were in fact  
14 key workers and working for a food and drink business,  
15 and that helped to provide a bit of legitimacy for the  
16 claims that people had.

17 Q. Just in terms of that letter, was that something that  
18 FDF were asked to do by government, or was it  
19 spontaneous?

20 A. We did it ourselves with our partners, because we saw  
21 there was a need that wasn't actually being fulfilled by  
22 government or others.

23 Q. Thank you. Just in terms of the consequences for  
24 workers, were there any other differences? We've spoken  
25 to other witnesses, for example, regarding access to

136

1 healthcare or the like?  
 2 A. Not that I'm aware of.  
 3 Q. If I could please just ask you a couple of quick  
 4 questions about the protection of key workers?  
 5 A. Yes.  
 6 Q. As food manufacturers, I assume that your members — I  
 7 don't have to assume, Mr Thomson, you've told me, your  
 8 members are well aware of their health and safety  
 9 responsibilities ?  
 10 A. Yes.  
 11 Q. What steps did they take to protect their key workers?  
 12 A. So as you said, food hygiene and safety is of  
 13 significant importance to our manufacturing members,  
 14 because they need to be able to prove that on an almost  
 15 daily basis to audit, so there were already in place  
 16 high standards, in terms of PPE and other types of work  
 17 where — as required under various bits of food safety  
 18 and health and safety legislation .  
 19 I think what manufacturers did very, very quickly  
 20 was respond to what they felt they could do within their  
 21 situation , and also to try to meet the manufacturing  
 22 guidance that was published by UK Government and then  
 23 Scottish Government.  
 24 What that meant was obviously social distancing as  
 25 much as possible within the factory lines , which

137

1 required a number of businesses to realign both what  
 2 they were doing in types of products, so some products  
 3 were delisted because they weren't able to do in a safe  
 4 manner; but also creating space so workers could be the  
 5 designated metreage apart.  
 6 They put in Perspex and plastic shielding where  
 7 appropriate. They worked to provide bubbles for  
 8 different shifts , so that each shift was isolated from  
 9 the other in case there was an infection in one of those  
 10 groups. They worked to make sure their corridors and  
 11 canteen areas were safe and provided for social  
 12 distancing, even in some incredibly cramped conditions,  
 13 as you can imagine, in factories .  
 14 And they also worked in concert with their staff to  
 15 make sure that the staff themselves got the opportunity  
 16 to raise grievances and issues, and to provide solutions  
 17 as well. So there was a significant amount of work  
 18 bolstered eventually by both manufacturing guidance and  
 19 by specific guidance for the food and drink sector, that  
 20 helped businesses to adjust and adapt.  
 21 Q. Thank you, and you mentioned there the Scottish  
 22 Manufacturing Guidance as I mentioned at the start. You  
 23 indicated that FDF Scotland was a member of the group  
 24 tasked —  
 25 A. Yes.

138

1 Q. — with creating that Scottish Manufacturing Guidance.  
 2 Can you tell us about FDF's involvement in that process?  
 3 A. Sure. We were part of our working committee, led  
 4 initially by the minister responsible, which — with a  
 5 number of business representatives and — business  
 6 representative organisations and trade unions and civil  
 7 servants were tasked essentially with commenting on  
 8 various drafts of this — of the guidance as it came  
 9 forward. That working group went on for a number of  
 10 months to create the first guidance, and then continued  
 11 to revise and review guidance over the subsequent  
 12 period.  
 13 Q. Thank you. And it might be implicit from its name as  
 14 the Scottish Manufacturing Guidance, but am I correct to  
 15 assume that that wasn't UK-wide?  
 16 A. That's correct. It was drafted for Scotland only.  
 17 Q. And in your role as FDF, or your involvement with FDF  
 18 UK, are you able to indicate to his Lordship whether  
 19 there was a UK equivalent of that guidance?  
 20 A. Yes, there was a UK equivalent, so UK Manufacturing  
 21 Guidance which was published on 11 May 2020.  
 22 Q. Thank you. Were there any differences between those —  
 23 guidance?  
 24 A. Yes, so in general, they were based on similar  
 25 regulation and legislation , so in general, they were the

139

1 same, but there were — especially in the — in that  
 2 initial period, there was both concern and — about what  
 3 differences might be in place, and a few minor, I would  
 4 say, differences in the way that the regulation —  
 5 sorry, the manufacturing guidance was set out.  
 6 In particular , I would say that the Scottish  
 7 guidance was set out from a position of reopening  
 8 businesses, whereas the UK guidance was much more  
 9 practically based on what was already happening. And of  
 10 course as we've already talked about, most food  
 11 manufacturers kept going through the period when —  
 12 before that guidance was published in Scotland.  
 13 Q. Thank you, and you indicated that the first draft of  
 14 the — I'm — forgive me, first version of that Scottish  
 15 Manufacturing Guidance took a number of months to  
 16 create?  
 17 A. It did, yes.  
 18 Q. Was there a similar position in respect of the UK?  
 19 A. The UK was slightly earlier — as I said, that came out  
 20 on 11 May, and as far as I can see from what's left on  
 21 the internet, the Scottish Manufacturing Guidance came  
 22 out actually on 26 May, so there was a couple of weeks'  
 23 difference between the two.  
 24 Q. Thank you. And you've talked about the outcomes in  
 25 terms of the differences in guidance. Was there a

140

1 difference in approach in terms of how that guidance was  
 2 created?  
 3 A. Yes. I was less directly involved in the UK  
 4 Manufacturing Guidance, but it was done very quickly  
 5 with a wide range of industry stakeholders and the  
 6 unions, but I think the drive there was to get something  
 7 done. I think in Scotland, there was a bit more —  
 8 I would characterise it as a bit more discussion, I  
 9 think, about what's the appropriate thing to do and  
 10 when, and how do we involve a wider range of people, and  
 11 I think that meant that it took a little bit longer to  
 12 get there.  
 13 Q. Thank you. From FDF's perspective, or indeed from its  
 14 members, is there any particular benefit in having  
 15 separate guidance?  
 16 A. No. It is worse. So one can understand how there is  
 17 different devolved regulation which one would need to  
 18 respond to. On the other hand, what you're left with  
 19 was in that vacuum for a couple of weeks, Scottish  
 20 companies trying to work to the UK Manufacturing  
 21 Guidance, but being unsure as to whether they would  
 22 break the rules in the Scottish Manufacturing Guidance.  
 23 You had — you know, we have a lot of members who  
 24 manufacture in different parts of the UK, whether that's  
 25 Wales, Scotland or England, and have factories in

141

1 different parts of the UK.  
 2 So a set of rules that were okay to be implemented  
 3 in England might not be okay to be implemented in  
 4 Scotland or Wales, and that's very difficult when you're  
 5 dealing with coronavirus, and people being exceptionally  
 6 concerned about their health.  
 7 And also, if you have a different set of rules, even  
 8 if they're slightly different, then people within the  
 9 workforce will ask: why is that different, am I being  
 10 treated better or worse than my compatriots in a  
 11 different part of the UK? So it adds to confusion, I'm  
 12 afraid.  
 13 Q. Thank you, and I think you have indicated already that  
 14 the differences were relatively minor, but are you  
 15 aware — please forgive me if you're not, but are you  
 16 aware of any material difference in terms of outcome  
 17 based on that guidance?  
 18 A. I'm not aware of any material difference, no.  
 19 Q. At paragraph 15 of your Rule 8 response, you have made  
 20 two suggestions in relation to guidance:  
 21 "Consideration of maintenance of appropriate draft  
 22 business guidance (in consultation with business  
 23 representatives, Trade Unions etc) for similar outbreaks  
 24 (this could be revisited every year relatively  
 25 quickly)."

142

1 And related to that:  
 2 "As much simplicity and consistency across the UK as  
 3 possible. Too much confusion and contradiction leaves  
 4 ... room for error in a crisis situation."  
 5 A. Yes.  
 6 Q. On the basis of what you said, are those the key  
 7 takeaways that his Lordship should take from this?  
 8 A. From the discussion of the business guidance, yes,  
 9 I would argue that it should be relatively easy now that  
 10 they exist to make sure that those business guidances is  
 11 up to date, notwithstanding it might be an entirely  
 12 different disease, or it might be an entirely different  
 13 set of circumstances, but at least you'll have something  
 14 to work with rather than nothing; and I think as much as  
 15 possible, coordination between the governments would be  
 16 incredibly helpful here, because of the nature of the  
 17 way the businesses work across the UK market.  
 18 Q. Thank you. We've talked about the manufacturing  
 19 guidance. Is that the only guidance that your members  
 20 had to comply with?  
 21 A. No, there are lots of pieces of guidance, in particular  
 22 with coronavirus, as I said earlier, there was also  
 23 specific guidance on the food and drink sector which was  
 24 published by Food Standards Scotland, and then there  
 25 was — we actually asked for Food Standards Scotland to

143

1 provide additional guidance which was what to do when an  
 2 incident management team comes and visits your factory,  
 3 which of course — there were a number of outbreaks in  
 4 food manufacturers across the whole of the UK, and it  
 5 was a way to try and dissolve some of the tension that  
 6 naturally happens when a regulator arrives at a factory  
 7 that has a coronavirus outbreak.  
 8 Q. Thank you. You referred there to incident management;  
 9 what do you mean by that?  
 10 A. So precisely that. When — as coronavirus was  
 11 notifiable and, you know, businesses had to notify when  
 12 they had cases, and actually cases quite far apart,  
 13 actually, in many parts of the time period we're talking  
 14 about, they would then be notified to the local health  
 15 board, and the local health board and its partners would  
 16 then decide if they needed to do an incident management  
 17 visit to a factory or other establishments in order to  
 18 ensure that all the protocols were being followed, the  
 19 company was treating its staff correctly and etc etc.  
 20 So that happened a number of times in Scotland over  
 21 the time, in particular, the early part of the pandemic  
 22 as people were grappling with the disease, and it was  
 23 going through viral periods.  
 24 Q. Thank you. At answer 6 of your Rule 8, you refer in the  
 25 third paragraph of that to engagement with Food

144

1 Standards Scotland and the Scottish Government on  
 2 specific food sector guidance, and guidance on how  
 3 incident management teams would work if they  
 4 investigated an incident at a food manufacturer?  
 5 A. That's correct.  
 6 Q. "This dialogue was again ongoing, and in particular here  
 7 Food Standards Scotland officials were proactive in  
 8 trying to understand and adjust to issues raised by the  
 9 industry with respect to practical implementation of the  
 10 guidance."  
 11 What do you mean by "adjust" in those circumstances?  
 12 A. So in particular, we worked very closely with them to  
 13 help Food Standards Scotland understand the mindset of a  
 14 business that was being investigated, and also for  
 15 businesses to understand the mindset of the  
 16 investigators as to when they were coming in. And the  
 17 adjustment there was in particular around making sure  
 18 that — number 1, that guidance was actually produced  
 19 and number 2, communicating what they were trying to do  
 20 in those circumstances.  
 21 So it was all about trying to make it as clear as  
 22 possible between the two different sides of an  
 23 investigation, what was going on, and also helping,  
 24 I guess, businesses understand what was likely to  
 25 happen, so to remove some of the defensiveness that

145

1 might have been there quite naturally in those  
 2 circumstances.  
 3 Q. You mentioned defensiveness there. Ordinarily, what is  
 4 the relationship between the two sides of that dynamic?  
 5 A. Between regulators and the regulated, there's always the  
 6 potential for tension, but actually in Scotland we  
 7 have — with Food Standards Scotland and the  
 8 environmental health officers across Scotland, we have  
 9 in general a very good relationship.  
 10 Q. And you mentioned that Food Standards Scotland brought  
 11 out their own incident guidance in relation to COVID?  
 12 A. Yes.  
 13 Q. Did guidance exist prior to the pandemic in these  
 14 regards?  
 15 A. No.  
 16 Q. Should it have?  
 17 A. In retrospect, yes, yes.  
 18 Q. We've talked about the fact that it's quite a heavily  
 19 regulated —  
 20 A. Yes.  
 21 Q. — industry. There's obviously another layer of  
 22 guidance etc being applied to food production because of  
 23 the pandemic. Are you able to offer any views about the  
 24 necessity of that additional layers of guidance?  
 25 A. So I think, yes, they were a necessity. As I have said,

146

1 there's a basic regulatory level that food production  
 2 fits under, and also there are multiple audits from  
 3 customers.  
 4 So if you supply Marks & Spencers, for example, they  
 5 will send their own audit to make sure that you're  
 6 following their procedures. In this case, I can  
 7 absolutely see the argument for additional guidance,  
 8 because we were dealing with something different. We  
 9 were dealing — and that meant that businesses didn't  
 10 necessarily know how to deal with it, so it would allow  
 11 them clarity from a business perspective: I'm doing the  
 12 right thing because I'm following the government  
 13 guidance.  
 14 And the second element there is also to provide some  
 15 reassurance to staff: your employer is doing the right  
 16 thing, because they're following the government  
 17 guidance. So I absolutely see the need for something  
 18 like this, because it does mean that you have to adjust  
 19 your manufacturing processes, and as we talked about all  
 20 the different things the manufacturers did which were  
 21 over and above what they would need to do normally.  
 22 Q. Thank you. If I could now turn to some financial  
 23 matters and the impacts on your members. Did the FDF  
 24 membership suffer any financial repercussions in  
 25 consequence of the pandemic?

147

1 A. Yes, they did. There were significant repercussions. I  
 2 have touched upon the failure and closure of the  
 3 hospitality market, so food manufacturers in general  
 4 manufacture for two different markets. There is the  
 5 retail market and then there is the hospitality and food  
 6 service market.  
 7 So the food service market absolutely collapsed, so  
 8 if your exposure to that market was 100%, you were in  
 9 trouble. So in particular those who mostly delivered to  
 10 the food service market were in deep financial trouble.  
 11 Those who did not and who sold into the retail market,  
 12 actually in many cases saw an increase in their sales  
 13 and production as people stocked up in particular in the  
 14 early days of the pandemic.  
 15 So it depends on the business where the impact fell,  
 16 and it depends on which market they were playing into,  
 17 and even then, those who were in food service, you know,  
 18 pivoted into different markets, whether that was direct  
 19 to the consumer through online sales, or into retail to  
 20 fill some of the gaps.  
 21 Q. You have spoken there about the — from a market  
 22 perspective in terms of to whom your members were  
 23 selling, was there any impacts or differences in impacts  
 24 in terms of what they were manufacturing?  
 25 A. Those who were in the initial period only, I would offer

148

1 that — those who in particular were selling things like  
 2 canned goods and things with a long shelf life, a lot of  
 3 them saw a lot of things fly off the shelves very early  
 4 in the pandemic, as people stocked up because they  
 5 didn't know what was coming ahead for them.  
 6 So that would be the main thing, I would say, but  
 7 actually relatively quickly, consumption patterns  
 8 settled into a new normal, so actually after that  
 9 initial flurry, there weren't really more changes to the  
 10 market.  
 11 Q. We heard this morning from the Scottish Retail  
 12 Consortium, who were informing his Lordship regarding  
 13 essentially nonessential businesses and the like.  
 14 A. Yes.  
 15 Q. Did that distinction impact upon any of your members?  
 16 A. Only once we had got past that key worker and key  
 17 industry stage, so up until the time the Scottish  
 18 Government First Minister stood up and said food and  
 19 drink was a key sector, then for that period of two  
 20 months, then, yes, it was a significant issue because  
 21 the nonessential businesses could potentially have been  
 22 food manufacturers, or particular types of food  
 23 manufacturing. But beyond that, once that was  
 24 established, I think it just carried on as normal.  
 25 Q. Thank you. If I could ask you now regarding — you've

149

1 obviously spoken there about potential financial  
 2 impacts. If I can ask you perhaps some questions about  
 3 the financial support that was available, was financial  
 4 support first of all made available to your membership?  
 5 A. Yes, yes, and that was through various different schemes  
 6 from the Scottish Government, obviously the UK  
 7 Government schemes and furlough and others. So there  
 8 was a wide range of financial support available. There  
 9 wasn't a specific scheme for food and drink  
 10 manufacturers. Certain sub-sectors of the food and  
 11 drink industry did get specific schemes, but in general,  
 12 I feel that there was enough finance available, and we  
 13 have testimony from a number of, in particular, small  
 14 businesses, where that financial support was critical to  
 15 them surviving and continuing to exist today.  
 16 Q. Thank you, and, sorry, just to pick up what you said  
 17 there, Mr Thomson, you said your members generally felt  
 18 that was enough support that was provided?  
 19 A. Yes. On the questions that we were asked, a lot of them  
 20 were in that initial period which is: how do I access  
 21 support and what type of support am I available for.  
 22 But we have got very little feedback from members to say  
 23 that wasn't enough, or it wasn't the right thing.  
 24 Q. Okay. You said very little; were there some gaps  
 25 identified by your members?

150

1 A. Not — sorry, not that I'm aware of.  
 2 Q. Okay. Can I ask you how quickly the support became  
 3 available to your members?  
 4 A. So again, in my view, this is based on a small number of  
 5 Scottish members who've been into this with us, but as  
 6 far as I'm aware, in particular, those that were  
 7 delivered by councils, the funding that was delivered by  
 8 councils came through relatively quickly for those who I  
 9 have talked to about it, so actually it didn't feel like  
 10 there was a particular issue with funds being disbursed.  
 11 Q. Okay. Just on the last question of gaps, Mr Thomson,  
 12 I'm looking at answer 18 of your statement, and you  
 13 noted:  
 14 "DFD Scotland understands that there were certain  
 15 business types that fell through the gaps..."  
 16 Sorry, forgive me, I think that is coming up.  
 17 "... initially (those with multiple premises,  
 18 wholesalers) but in general of our member businesses  
 19 that accessed support there was general agreement that  
 20 it was a good process — and the funding meant some of  
 21 our members could stay in business."  
 22 A. Yes, so just — "those with multiple premises" was, as  
 23 far as I understand it, a specific issue for the bakery  
 24 industry, so for local bakers who have perhaps had shops  
 25 in a number of different places, rather than particular

151

1 manufacturers.  
 2 Q. Right.  
 3 A. Wholesalers, you will have talked to the wholesale  
 4 federation.  
 5 Q. Very shortly before you.  
 6 A. Yes. And, sorry, the multiple premises element was,  
 7 I think, in particular where they cut across several  
 8 local authority areas as well, I think there was a  
 9 particular issue there.  
 10 Q. And, sorry, could you expand upon that, tell me what  
 11 that issue was?  
 12 A. Yes. So the issue, I think, was around business  
 13 location. So if I remember correctly, the business  
 14 location of those who — if you think of a small chain  
 15 of bakers where their business location actually was,  
 16 for each individual unit, shop unit, and whether that —  
 17 multiple shop units could actually access the funding,  
 18 or whether it would just be for one business location as  
 19 able to do that, and I understand there was a technical  
 20 problem in there that meant that therefore those types  
 21 of businesses were potentially ineligible to get their  
 22 full support that they should have been entitled to.  
 23 As far as I understand, that was an early technical  
 24 issue that was then dealt with in due course. But of  
 25 course, when cash flow is so important, then getting

152

1 money quickly is of significant impact on whether  
 2 businesses survive or not.  
 3 Q. Thank you, and in terms of financial support, turning to  
 4 FDF itself, did FDF — you obviously were doing a lot of  
 5 work over the piece, but did FDF receive any specific  
 6 funding to assist with its work?  
 7 A. So, no, in terms of our core activities, we did not  
 8 access any of this. However, as I state in the  
 9 evidence, we are part of the Scotland Food & Drink  
 10 Partnership, which is a partnership of public and  
 11 private sector, which gets an amount of money from the  
 12 Scottish Government every year to do activity on behalf  
 13 of the sector. And we designed and delivered a COVID  
 14 recovery scheme with our partners there, to which FDF  
 15 got a small portion of the funding to deliver particular  
 16 activities.  
 17 Q. Thank you. If I could now ask you some questions just  
 18 regarding your contact with Scottish Government —  
 19 A. Yes.  
 20 Q. — during the piece. And in particular, you've spoken  
 21 before about the numbers of representations you were  
 22 making in respect of certain matters?  
 23 A. Yes.  
 24 Q. To whom did you make representations? Who were you  
 25 speaking to?

153

1 A. We were speaking to the Scottish Government. We were  
 2 speaking to ministers and civil servants very regularly.  
 3 Q. Was there anyone in particular you were liaising with?  
 4 A. In the ministerial side, it would have been Fergus  
 5 Ewing, who was the cabinet secretary for food and drink  
 6 at that time.  
 7 Q. Thank you, and if I could note just at answer 13, you  
 8 make reference to a number of organisations — Fergus  
 9 Ewing, the cabinet secretary, First Minister, every MSP?  
 10 A. Every MSP, yes, so in part, we — this was part of a  
 11 communication campaign to make sure that every MSP knew  
 12 and understood that food and drink should be a key  
 13 sector. So we wrote to them all, making the case and  
 14 highlighting the need, and also educating them, I think,  
 15 because we had a number of inquiries from MSP and MP  
 16 offices in the early days of the pandemic as to: what  
 17 does the guidance actually say and what does it mean for  
 18 this business in my constituency. So it was really kind  
 19 of information sharing.  
 20 Q. Did they take that on board?  
 21 A. Yes, I mean, I think in general, there was support for  
 22 the industry and its efforts, and so, yes, I would argue  
 23 that. I mean, of course there are individual cases and  
 24 individual MSPs who might want to have a question about  
 25 the activities of individual businesses, but in general,

154

1 I think, you know, there was significant support for the  
 2 industry.  
 3 Q. Thank you. And in terms of these relationships, were  
 4 these new relationships that you were building over the  
 5 pandemic or...  
 6 A. Sometimes, but mostly no, we used established  
 7 relationships. The cabinet secretary for rural affairs  
 8 was our sponsored minister for all the work that we did  
 9 and reported to — we engage as FDF with MSPs to make  
 10 the case for the industry, and we work very closely with  
 11 civil servants in the food and drink division, and with  
 12 Food Standards Scotland on a daily basis, because of the  
 13 nature of the kind of work that we do. So these were  
 14 pretty well established relationships that we had.  
 15 Q. Thank you. And in terms of the relationships you're  
 16 having, you're obviously talking to a number of  
 17 different people, and I don't wish to over-generalise  
 18 but how did you find working with the Scottish  
 19 Government over the piece?  
 20 A. In general, exceptionally good. So, you know,  
 21 understanding that there was not an ability to answer  
 22 every question that we had in particular as the pandemic  
 23 was initially reaching out was important. But we had  
 24 lots of back and forward with those parts of the civil  
 25 service that we've had good relationships with, and that

155

1 good relationship continued.  
 2 But there were particular things we — for example,  
 3 as I have already alluded to, our members are Scottish  
 4 national, UK national and international. So we have  
 5 even companies that are headquartered in Scotland, who  
 6 had already dealt with the pandemic in different parts  
 7 of the world, and sometimes when they had things to  
 8 offer, it was quite hard to get the Scottish Government  
 9 to open its door to take the offering, in particular of  
 10 experience of what this looked like in factory settings  
 11 in, for example, China. But in — you know, sometimes  
 12 there were frustrations about the ability of the  
 13 government to take those kind of views on board, but in  
 14 general, we had a really good and open relationship.  
 15 Q. In terms of the speed of response or speed of dealing  
 16 with things, how did you find that?  
 17 A. Yes, it varied, it varied. And obviously the more  
 18 difficult question, the more varied it could be. And  
 19 so, yes, some things we got the answer to very, very  
 20 quickly, and some things government, naturally or  
 21 otherwise, had to go and think about for a long time.  
 22 So that varied in part as to whether, I think, there was  
 23 any certainty about any of the answers that they could  
 24 have provided to us.  
 25 Things, for example, like the face mask question, if

156



1 you'll remember, in the early part of the pandemic  
 2 facemasks were no use and that was the advice given to  
 3 us, but, you know, from the summer of 2020, it suddenly  
 4 became mandated. So there were those kind of things  
 5 that became difficult to get clear answers around.

6 Q. Thank you. And in terms of the way that you were  
 7 liaising with the Scottish Government, was there  
 8 anything that could have been improved in terms of the  
 9 manner of that contact?

10 A. It was very chaotic, you know, we were all very chaotic,  
 11 and so I think in general, we have good engagement.  
 12 There's a resilience forum for food and drink run by the  
 13 Scottish Government which meets regularly and did meet  
 14 regularly in the pandemic.  
 15 So all of that meant there was a rhythm there that  
 16 you could follow, so that was good. I think everyone  
 17 was very overwhelmed in those first three or four weeks,  
 18 and so that kind of fell by the wayside a little bit,  
 19 but in general, I think that's quite understandable in  
 20 the circumstances. So I would say in Scotland with the  
 21 Scottish Government, there's quite a close relationship,  
 22 and that resilience forum continues and meets monthly at  
 23 the moment, but can be stood up or down, based on  
 24 anything happening. So I think in general the tools are  
 25 there.

157

1 Q. And that, I think, is reflected in answer 5 of your  
 2 Rule 8 response, which states that:  
 3 "They [the Scottish Government] were always quick in  
 4 their response and should be praised for their ongoing  
 5 relationship with the industry and their endeavours to  
 6 provide answers during a difficult period, in which food  
 7 manufacturing needed to continue but in a way that  
 8 protected the health, safety and wellbeing of our  
 9 workforce. Sometimes, given the evolving nature of the  
 10 situation it was not possible to get a definitive or  
 11 quick answer. We did not have a single point of contact  
 12 as we continued to utilise our existing relationships,  
 13 and also as we were involved in specific pieces of work  
 14 like the development of the Scottish Manufacturing  
 15 Guidance."  
 16 A. Yes.  
 17 Q. Just picking up one thing, broadly that reflects what  
 18 you have just told us. You mentioned specifically,  
 19 though, the absence of a specific point of contact?  
 20 A. Yes.  
 21 Q. Was that a concern to you? You obviously referred there  
 22 that you had existing relationships?  
 23 A. I don't think it felt like a concern at the time. I  
 24 think reflecting on it, it may have been helpful to  
 25 have, you know, one person responsible, because then you

158

1 have a quick route to chasing up answers, rather than  
 2 maybe asking one person, who then asks another person,  
 3 who then asks another person, and it gets lost in there.  
 4 So without wishing to overstate it, there might be value  
 5 in that.

6 MR TURNER: Thank you. That's all the specific questions  
 7 that I wanted to ask you, Mr Thomson. I'm going to give  
 8 you an opportunity in a moment, if there's anything that  
 9 you feel that his Lordship should hear on behalf of FDF  
 10 or your members which we haven't had an opportunity to  
 11 touch upon, please feel free to raise that.  
 12 Before I do that, I will just remind you, that we  
 13 obviously have your Rule 8 response and other documents  
 14 that you have provided. The Inquiry will take all of  
 15 those into account. His Lordship will have the  
 16 opportunity — to be reported on in respect of those,  
 17 but if there is anything that you would like to  
 18 highlight today to his Lordship, now is your  
 19 opportunity?

20 A. Thank you for the opportunity. I hope it's been  
 21 helpful. I guess there's maybe two things I would say.  
 22 Just to pull out something on the key sector  
 23 workers, we didn't really go into this, but the decision  
 24 to make decision—making for key sector workers and in  
 25 particular around childcare at local authority level was

159

1 incredibly difficult, and therefore that meant that  
 2 even, you know, when we got general knowledge that food  
 3 and drink would be considered in this space, there was  
 4 no guarantee that your local authority might accept your  
 5 child in the childcare provision.  
 6 And that was, of course, incredibly difficult as  
 7 different councils took different views, when there  
 8 wasn't that clear signal from the Scottish Government  
 9 that food and drink was actually a key sector. That  
 10 caused massive consternation. That was the biggest  
 11 amount of correspondence we had in the first days, so I  
 12 just wanted to pull out that key point.  
 13 And I guess the second thing, again, on reflection  
 14 I'm, as you noted, relatively unique, in that I have  
 15 been a civil servant and now I work as a representative  
 16 for business. I actually think, you know, that we need  
 17 more people who've done a bit of both, because it was  
 18 quite clear, I think, that there were divisions in  
 19 understanding of, you know — from an industry side  
 20 about what's going on in the civil service and how that  
 21 works, and also very clearly from a civil service side  
 22 into how business works and how it treats people and  
 23 things like that.  
 24 So I guess, you know, more people who have, you  
 25 know, both sets of experience on either side of the

160

1 fence, would be more helpful to getting quicker, more  
 2 sensible answers in any future pandemic.  
 3 MR TURNER: Thank you. That's all the questions I have, my  
 4 Lord, unless you have anything you wish to raise?  
 5 Questions by THE CHAIR  
 6 THE CHAIR: That last point would be a difficult  
 7 recommendation to make.  
 8 A. It would. That's why I thought I would give it to you,  
 9 my Lord.  
 10 THE CHAIR: Thanks very much indeed. Since we do have a  
 11 little time to spare, I might not have asked this, but  
 12 I'll ask this, since we have a little bit of time to  
 13 spare. Back at the beginning -- way back at the  
 14 beginning of your evidence, when you were asked about  
 15 the issue of designation of key workers --  
 16 A. Yes.  
 17 THE CHAIR: -- and how effectively from the outset the UK  
 18 Government made the recommendation, the Scottish  
 19 Government didn't, and when you were asked about the  
 20 reasons for that, you said, and I've not exactly got you  
 21 written down as a quote, but broadly to the effect that:  
 22 Scottish Government officials were extremely careful or  
 23 cautious about the loss of life; and you explained  
 24 reasonably why that could be.  
 25 A. Yes.

161

1 THE CHAIR: But I would like to ask you if -- and I think  
 2 probably I was bearing in mind that you had been a civil  
 3 servant before, if, apart from the degree of caution  
 4 being expressed by Scottish Government officials, you  
 5 were aware of any other policy reason why there would be  
 6 a difference, or if there was indeed something simply in  
 7 the difference between Scotland and the rest of the UK  
 8 that justified such a change in policy.  
 9 A. There is no difference between Scotland and the rest of  
 10 the UK, and I think the decision-making was perhaps  
 11 drawn -- I mean, we were driven to try to consider, you  
 12 know, which food is healthy, and therefore we should  
 13 continue to produce that, rather than things that  
 14 weren't inherently in themselves healthy.  
 15 So I don't think -- I don't think that was  
 16 necessarily at the top of thinking, but they were trying  
 17 to think about how would we subdivide bits of the  
 18 sector.  
 19 THE CHAIR: Yes, and again, when you were giving that  
 20 answer, I was thinking to myself: yes, which foods are  
 21 healthy. But I'm assuming that in the food and drink  
 22 industry, one industry which is enormously important to  
 23 the Scottish economy is whisky.  
 24 A. Yes.  
 25 THE CHAIR: Whilst it's enormously important, has

162

1 implications for the whole health of the Scottish  
 2 economy, I suppose, if we were going to be blunt about  
 3 it, not many people would regard it as healthy.  
 4 A. Correct. We don't represent whisky interests. You have  
 5 the Scotch Whisky Association and the lawyers for that.  
 6 However, that's absolutely clear, and there was much  
 7 more friction that was visible to me with the whisky  
 8 industry as to whether they should be open or not during  
 9 that period.  
 10 THE CHAIR: Yes, that's helpful. Perhaps that's something  
 11 that Mr Turner will take up when we speak to the Scotch  
 12 Whisky Association.  
 13 MR TURNER: We have already spoken to the Scotch Whisky  
 14 Association, my Lord.  
 15 THE CHAIR: Very good. Thank you very much indeed. I am  
 16 very grateful, Mr Thomson. That's all. 10 o'clock  
 17 tomorrow morning.  
 18 MR TURNER: Indeed.  
 19 THE CHAIR: Thank you.  
 20 (The hearing was adjourned to 10.00 am on Wednesday, 4  
 21 December 2024)  
 22  
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 24  
 25

163

1  
 2 MR EWAN MacDONALD--RUSSELL (called) .....1  
 3 Questions by MR TURNER .....1  
 4 MR COLIN SMITH (called) .....68  
 5 MRS MARGARET SMITH (called) .....68  
 6 Questions by MR TURNER .....68  
 7 MR DAVID THOMSON (called) .....123  
 8 Questions by MR TURNER .....124  
 9 Questions by THE CHAIR .....161  
 10  
 11  
 12  
 13  
 14  
 15  
 16  
 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25

164





depots (3) 70:20 103:17 107:14	57:10 106:11	80:16,23 83:15 87:19 92:16,17 105:3 111:20 119:4 121:11 122:19 125:24 134:6 137:7 155:17 158:23 162:15,15 163:4	ecommerce (2) 18:16 48:18 economic (8) 35:19 49:15 53:13 69:13 81:15 86:25 117:1 123:6 economically (3) 78:2 101:16 102:10 economics (1) 26:11 economy (10) 7:20 65:19 66:14 71:4,10,21 76:4,25 162:23 163:2 edge (4) 14:13 17:24,25 18:1 edinburgh (2) 21:10 22:23 educate (1) 83:21 educating (1) 154:14 education (2) 81:22 122:18 effect (10) 11:14 17:2 29:6 38:2 45:16 69:6 103:5 108:19 134:11 161:21 effective (5) 99:17,17 114:19,21 115:5 effectively (18) 5:15 19:3 26:5 34:20 39:13 40:8 74:21,23 77:17 81:14,20 90:15 98:16 105:17 108:10 115:16,19 161:17 effects (4) 16:21 21:19,22 132:17 efforts (1) 154:22 egregious (1) 46:5 eho (1) 62:3 eight (3) 2:11,12 50:23 either (4) 4:10 19:13 90:10 160:25 electronics (1) 3:16 element (3) 3:10 26:26 36:23 37:10 120:6 135:7,16 147:14 152:6 elements (4) 19:23 121:18 122:5 136:9 elevated (1) 7:1 eligibility (3) 43:9 115:3,4 eligible (2) 13:3 43:14 else (8) 24:23 63:5,6 79:25 80:24 87:19 116:6 119:24 elsewhere (3) 6:22 23:9 95:20 email (2) 86:13,14 emails (1) 91:20 emergencies (1) 74:5 emergency (4) 58:14 67:15 71:19 120:16 emotional (5) 81:18,18 102:11 117:8 135:24 emotionally (1) 101:17 employees (5) 49:18 72:5,5,7 117:11 employer (1) 147:15 employment (3) 135:6,6,23 empty (1) 25:2 enable (2) 75:22 97:21 enabled (1) 84:19 end (16) 27:4 66:22 67:11,11 75:16 95:22 97:19 105:17 109:16 112:12,25 113:3,19 115:7 120:12 121:6 endeavours (1) 158:5 ended (2) 76:14 106:8 energy (2) 110:20,20 enforce (1) 8:14 enforcement (2) 56:1 62:2 engage (3) 42:4 51:1 155:9 engaged (3) 9:15 60:4 95:7 engagement (11) 7:17 65:10 66:3 83:25 84:5 85:14,15 91:19 120:23 144:25 157:11 engagements (1) 2:18 engaging (2) 7:14 91:22 engineering (2) 126:10 130:1 england (4) 40:22 116:5 141:25 142:3 english (1) 116:4 enormous (9) 13:23 28:12 36:14 38:1,23 43:11 50:11 117:7 135:14 enormously (5) 24:19 36:5	58:3 162:22,25 enough (11) 81:21,22 95:3 104:13 120:18 121:19,24 133:8 150:12,18,23 ensure (5) 70:22 94:3 97:17 99:7 144:18 ensuring (2) 29:25 126:16 entail (1) 69:2 enterprise (5) 81:4 82:16 85:22 94:22 95:9 enterprises (2) 36:4,5 entirely (3) 51:14 143:11,12 entitled (1) 152:22 environmental (2) 50:20 146:8 equally (5) 72:5 73:9 77:4 89:12 93:3 equipment (1) 20:15 equitable (2) 32:15,22 equivalent (2) 139:19,20 error (1) 143:4 especially (3) 71:21 133:10 140:15 essence (1) 75:19 essential (8) 11:22 12:18 13:9 98:20 99:12 100:17 121:1,22 essentially (3) 8:13 139:7 149:13 established (5) 31:15 52:2 149:24 155:6,14 establishment (2) 120:19 132:22 establishments (2) 72:8 144:17 estate (1) 32:11 et (4) 77:1 79:4 89:15 119:9 etc (6) 29:7 30:13 142:23 144:19,19 146:22 europe (3) 6:22 22:13 61:11 even (31) 2:25 11:9 23:3 27:23 34:9 38:20 42:1 59:12 62:1 72:21 77:25 81:3,5 84:24 85:4 88:5 92:24 93:18 101:7 110:8 111:13,21 113:15 118:25 125:24 134:8 138:12 142:7 148:17 156:5 160:2 event (2) 58:12 109:21 events (4) 20:10 69:7 119:9 126:23 eventually (4) 37:15 95:23 110:9 138:18 ever (10) 18:2 19:4 33:11 48:11,12 57:5 59:8 64:3 98:21 99:1 every (27) 3:25 5:6,17,19 6:8 50:6 51:6,7 54:16 55:4 56:22 59:12 61:13 66:5,16 67:5 70:6,9 82:9 95:21 130:7 142:24 153:12 154:9,10,11 155:22 everybody (7) 14:16 20:12 66:18 102:1 112:22 116:6 122:21 everyone (11) 8:22 14:17 20:8 57:24 71:11 79:13,25 89:17 113:18 119:24 157:16 everything (14) 2:22 23:22 25:6,6 48:1 58:5 78:24 79:1 80:7 105:16 118:12 125:19 129:23 130:5 148:2 everywhere (2) 5:5 83:15 evidence (12) 100:17 101:4,6,8,12 118:20 120:10,11,12 134:14 153:9 161:14 evidencebased (1) 105:3 evidenced (1) 120:18 evolving (2) 4:11 158:9 ewan (5) 1:6,8,20,21 164:2 ewing (6) 84:20 86:8 90:14 110:4 154:5,9 exact (1) 43:12 exactly (6) 16:13 54:23	55:15 106:14 122:20 161:20 example (27) 5:25 22:24 24:13 38:22 41:3,15 44:19 45:15 46:5 48:8 50:12 54:14 55:16 61:22 81:9 82:22,23 85:8 102:2 129:11 134:16 135:21 136:25 147:4 156:2,11,25 examples (4) 48:22 53:25 55:20 57:5 except (1) 29:11 exception (2) 88:3 119:21 exceptionally (2) 142:5 155:20 exceptions (1) 62:20 excess (1) 84:16 executive (1) 68:20 exemption (1) 122:1 exemptions (1) 32:6 exercise (2) 20:15 60:8 exist (3) 143:10 146:13 140:15 existed (1) 41:12 existing (5) 9:16 15:12 66:2 158:12,22 expand (3) 43:9 75:10 152:10 expanded (1) 117:17 expansion (2) 23:20 26:20 expand (2) 28:4 75:23 expectation (1) 130:13 expected (2) 28:1 40:19 expensive (1) 19:3 experience (4) 40:24 64:22 156:10 160:25 experienced (4) 57:11 63:22 74:23 108:12 expertise (1) 43:16 experts (1) 53:9 explain (8) 10:12 12:19,21 20:21 30:13 54:11 85:2 127:12 explained (6) 4:1 39:18 48:12 56:11 109:16 161:23 explicitly (1) 54:15 exploitative (1) 35:9 exposure (1) 148:8 expressed (1) 162:4 expressing (2) 2:17 54:4 extend (1) 78:16 extended (1) 69:15 extensively (1) 83:25 extent (1) 96:12 extra (2) 29:5 35:5 extraordinary (2) 8:11 11:7 extreme (1) 58:25 extremely (3) 92:6 131:6 161:22	family (5) 34:9 73:11 78:1 89:14 116:19 familyrun (2) 73:4 110:12 far (8) 5:11 26:2 131:23 140:20 144:12 151:6,23 152:23 farflung (3) 5:7 22:24 33:2 farmers (4) 75:15 77:1 79:12 88:18 farming (1) 128:22 fashion (7) 3:13 20:6 24:13,13,14 27:10 45:20 fast (1) 113:12 fault (1) 92:25 fdd (18) 127:5,9,14,16 131:19 136:2,18 138:23 139:17,17 147:23 151:14 153:4,4,5,14 155:9 159:9 fdfs (2) 139:2 141:13 fear (1) 9:8 feasible (1) 34:8 february (2) 28:22 59:12 fed (1) 97:15 federation (10) 3:21 97:1 123:20 124:9,15 125:3,4 126:1 127:23 152:4 feedback (1) 150:22 feeding (1) 94:6 feel (11) 47:6,6 49:21 57:13 65:9 118:7,17 150:12 151:9 159:9,11 feeling (1) 82:1 feet (4) 101:21 104:22 110:17,18 fell (8) 17:14 20:10 27:3 56:2 64:5 148:15 151:15 157:18 felt (19) 9:19 10:17 11:6 13:7 14:14 17:7 29:1 38:10 42:2,9 48:21 50:7 54:3 65:1 86:1 130:23 137:20 150:17 158:23 fence (1) 161:1 fergus (7) 84:20 85:2 86:8 90:14 110:3 154:4,8 ferries (2) 73:25 74:2 festivals (1) 70:13 few (17) 4:8 12:4 16:10 24:11 30:4 35:15 40:12 48:22 63:8 81:14 90:8 107:3,4 118:17 132:14 133:10 140:3 field (1) 128:25 fifth (2) 28:6 64:7 fifthly (1) 65:10 fight (3) 89:23 95:21 97:25 fighting (2) 97:24 100:1 figure (3) 28:25 29:15 106:6 figures (3) 17:10,14 75:3 fill (1) 148:20 final (3) 54:21 66:8,24 finally (1) 106:2 finance (2) 35:15 150:12 finances (3) 110:5,6,7 financial (23) 14:6 35:16 36:11 37:5 39:23 63:14,19,25 95:18 109:18,25 114:1,8 115:23 147:22,24 148:10 150:1,3,3,8,14 153:3 financially (1) 89:18 find (13) 13:15,18 15:11 19:7 33:11 39:7 44:7 51:22 53:1 61:21 95:18 155:18 156:16 finding (1) 83:8 fine (3) 7:23 79:2 112:13 finishes (1) 92:19 finite (1) 33:3 firms (1) 44:6 first (47) 1:7 3:1 6:14,17 7:4 11:12 13:5 17:11 19:23 28:20 30:14,21 35:17 37:16 44:2 45:12 53:14 65:2,4 68:18 73:22 81:13 87:20 89:4 96:17 102:1 106:2,5,9 108:3,6 111:19 113:15,20 116:2 132:12,20
-----------------------------------	--------------	---	---	---	--	--















wellbeing (3) 81:19 102:11  
158:8  
wellknown (2) 104:3 113:12  
welsh (1) 54:1  
went (16) 13:4,19 22:19  
39:12 41:2 48:6 63:15  
65:20 69:5 85:19,20  
107:8,10 121:19 122:4  
139:9  
werent (20) 7:11,23,24 9:20  
15:12 19:4 26:17 29:22  
31:20 32:5 39:11 57:6  
86:20 92:22 93:7 110:5,24  
138:3 149:9 162:14  
westminster (1) 115:25  
weve (11) 16:22 19:17 23:17  
33:21 47:24 116:13 136:24  
140:10 143:18 146:18  
155:25  
whatever (7) 65:16 80:5  
88:21 107:2 108:24 109:10  
122:7  
whats (7) 10:24 60:18 91:24  
94:13 140:20 141:9 160:20  
whatsoever (1) 111:6  
wheels (7) 69:8 75:9,18  
76:18 77:9 78:17 117:20  
whereas (3) 116:7 129:6  
140:8  
whereby (1) 119:6  
wherever (1) 52:24  
whichever (1) 108:7  
whilst (1) 162:25  
whisky (7) 129:12 162:23  
163:4,5,7,12,13  
whole (24) 21:12 32:16 52:6  
75:3 79:3,16,22 80:8 82:14  
96:9 105:11 106:10,16  
114:2 122:14 125:10,12  
126:21 128:20 129:4  
131:19 133:20 144:4 163:1  
wholesale (35) 68:10,21,24  
69:17,22 70:3,21 71:17  
73:4 76:22 77:2,4 78:16  
80:9,13 82:19 83:13 89:24  
91:17,21 95:19 96:2  
97:10,19 98:3,21 99:2,6,7  
102:20 105:9 106:5 113:3  
120:19 152:3  
wholesaler (15) 72:16,17,19  
75:22 79:10,11 82:9,10  
83:3 91:7 92:3 98:18  
103:24 112:14 114:4  
wholesalers (41) 70:5,19  
71:4 72:23 73:2,24  
74:3,7,8 75:19 77:3,11  
79:15,25 80:1,3 85:24  
88:10 89:22 90:4,15 92:7  
95:9 101:13,14,15 103:15  
105:13,19 107:12 109:13  
112:6,13,19 113:9,21  
114:12 117:4,10 151:18  
152:3  
whom (8) 12:9,10 67:7,8,8  
73:7 148:22 153:24  
whos (1) 79:15  
whose (1) 26:7  
whove (2) 151:5 160:17  
wide (3) 124:18 141:5 150:8  
wider (4) 80:24 98:15 102:6  
141:10  
wife (1) 96:18  
william (1) 62:21  
windscreens (1) 91:10  
winners (2) 20:20 24:12  
winning (1) 94:25  
winters (2) 74:24 102:23  
wish (3) 63:4 155:17 161:4  
wishes (1) 67:22  
wishing (1) 159:4  
witness (5) 1:5,7,11  
123:16,19  
witnesses (1) 136:25  
wonder (1) 6:13  
wont (2) 10:7 112:13  
work (45) 2:14 4:21 13:22

20:9 23:11 39:12,19 42:20  
43:19 48:20 50:6,9 53:11  
58:18 62:6 64:25 67:17  
83:11 85:19 94:15 96:23  
97:1 114:13 117:15  
119:2,10,11 124:16 125:8  
128:24 133:3,5 137:16  
138:17 141:20 143:14,17  
145:3 153:5,6 155:8,10,13  
158:13 160:15  
worked (15) 9:15 39:15  
47:17 58:13 74:22 83:24  
97:3,11,23 113:19 135:21  
138:7,10,14 145:12  
worker (10) 81:11,23  
121:1,1,12,13 133:15  
135:8,20 149:16  
workers (29) 6:4 29:14 30:2  
36:19 67:1,13,15,17  
69:14,14 121:6,10 128:8,8  
132:16,17 133:2 134:24  
135:1,25 136:3,14,24  
137:4,11 138:4 159:23,24  
161:15  
workforce (7) 38:23 117:15  
122:5 136:8,9 142:9 158:9  
working (25) 12:7 16:11,11  
20:4,5,8 23:10 29:20 42:21  
71:7 81:19 86:19 98:15  
100:2 106:24 115:9 117:19  
122:6 130:7 132:20 135:11  
136:14 139:3,9 155:18  
workplace (1) 70:14  
works (12) 5:11 41:24 43:5  
47:23 56:12,14 57:24  
61:13,18 131:14 160:21,22  
world (2) 43:5 156:7  
worried (1) 8:21  
worse (3) 83:3 141:16 142:10  
worst (1) 107:22  
worth (14) 8:10 11:24 15:9  
16:8 17:13 27:7 45:4 69:25  
90:3 104:11 105:5,12  
108:15 113:14  
wouldnt (9) 10:4 26:2,3  
32:17 33:19 37:25 58:24  
112:8 121:10  
write (3) 49:17 54:15 109:6  
writing (1) 116:14  
written (4) 2:2 105:6 108:15  
161:21  
wrong (4) 16:16 57:2 58:17  
92:16  
wrote (4) 90:14,18 136:11  
154:13

---

X

---

Y

year (17) 6:3 18:9 21:7 22:14  
37:1,4 38:8 45:13 94:25  
102:21 105:20 106:10,16  
107:22 108:12 142:24  
153:12  
years (13) 2:11,12 9:14  
17:20,21 28:8 49:14 86:18  
90:7 119:22 124:13,14  
135:13  
yesterday (1) 133:17  
yet (6) 20:1 31:17 44:25  
50:24 92:7 121:3  
youll (4) 46:20 74:14 143:13  
157:1  
yours (47) 1:12 4:13 5:18  
13:7,8 17:23 27:20 29:20  
33:17 45:23 46:20 59:23  
62:5,7 65:24 68:15 76:11  
77:18 78:19 79:8  
81:14,20,22,23 82:24  
83:1,2,4 92:16 93:20  
101:3,3 103:19 105:15  
121:19 123:25 125:25  
127:4 129:20 130:14 131:1

141:18 142:4,15 147:5  
155:15,16  
yourself (1) 26:16  
yourselves (1) 32:25  
youve (20) 5:21 16:3  
21:19,20 44:3 48:23,23  
51:19 60:25 91:18 109:18  
110:21,22,23 116:9 131:19  
137:7 140:24 149:25  
153:20

---

Z

---

zero (1) 119:17  
zoom (1) 20:8

---

1

1 (7) 115:4 131:3 132:5  
134:2 145:18 164:2,3  
10 (4) 27:7 35:5 73:4 163:16  
100 (4) 37:3 49:18 62:6  
148:8  
1000 (2) 1:2 163:20  
1020 (1) 89:7  
1030 (1) 100:24  
11 (5) 7:19 9:22 10:9 139:21  
140:20  
110 (1) 123:12  
1119 (1) 68:3  
1152 (1) 68:5  
12 (2) 64:5 133:18  
120 (1) 70:20  
123 (1) 164:7  
124 (1) 164:8  
13 (3) 25:16 85:8 154:7  
14 (2) 25:17 85:1  
15 (5) 50:20 62:8 128:7  
133:18 142:19  
15000 (1) 75:25  
161 (1) 164:9  
17 (2) 104:9 106:2  
18 (5) 11:18 12:21 78:8 90:3  
151:12  
19 (5) 104:23 105:12 131:25  
132:12 133:22

---

2

2 (8) 49:25 50:2 105:5 115:5  
121:21 123:11 132:6  
145:19  
20 (5) 17:20 36:24 101:24  
111:5 133:22  
200 (2) 49:18 123:14  
20000 (1) 49:18  
2017 (2) 22:1 28:3  
2018 (1) 83:23  
2019 (3) 20:1 21:8 64:6  
2020 (24) 7:5 17:9,14 19:25  
21:6 28:20 29:14 32:12  
36:13 37:11 55:14  
59:12,15,24 63:23 65:3  
103:2 105:10,11,14  
106:2,23 139:21 157:3  
2021 (11) 28:22 29:14 46:6  
63:23 64:2 91:1,7 106:15  
107:8,8 108:3  
2022 (3) 6:2 29:16 106:15  
2024 (2) 1:1 163:21  
2031 (1) 28:5  
22500 (1) 6:4  
227000 (2) 6:3 29:15  
23 (2) 10:10 11:12  
238000 (1) 29:13  
24 (4) 18:17 37:2 40:6 96:19  
25 (3) 17:20 27:1,20  
25000 (3) 37:13,14,16  
257000 (1) 29:14  
26 (1) 140:22  
278 (1) 6:3  
29 (4) 70:23 71:24 72:4,11  
2metre (2) 48:3 64:19

---

3

3 (3) 1:1 121:21 127:6  
30 (5) 7:20 86:18 91:7 99:11  
101:25  
300 (1) 3:10  
30000 (5) 70:11 78:22 82:25  
83:1 110:17  
300000 (1) 72:24  
32 (3) 62:6 123:4,4  
34 (2) 27:5,20  
35 (4) 27:5 43:6 104:9 105:5  
3500 (1) 75:21  
350000 (1) 104:11

---

4

4 (4) 8:12 103:4 107:8  
163:20  
40 (3) 27:3 72:12 114:11  
44 (2) 17:11 18:8  
45 (1) 85:24  
4th (1) 107:9

---

5

5 (3) 106:5 107:8 158:1  
50 (2) 28:24 114:11  
5000 (2) 70:8 78:20  
50000 (1) 56:13  
5050 (1) 27:12  
55 (1) 106:8  
5th (1) 107:10

---

6

6 (3) 6:18 100:23 144:24  
60 (1) 72:11  
600 (3) 112:13,16 128:1  
6000070000 (1) 95:13  
6500 (1) 72:5  
68 (3) 164:4,5,6  
69 (1) 103:8

---

7

7 (1) 25:15  
70 (2) 17:15,17  
700 (1) 104:10  
75 (2) 3:11 37:16

---

8

8 (14) 25:15 69:16 75:8  
100:23 118:9,13  
125:15,16,19 127:5 142:19  
144:24 158:2 159:13  
80 (6) 19:25 21:6 89:3  
92:3,4 103:6

---

9

9 (7) 7:5 17:10,15 27:7,20  
28:21 35:2  
90 (6) 21:8 70:19 73:2,3  
110:12 112:7