HOUSE OF COMMONS

Public Accounts Committee

Oral evidence: COVID-19: Government procurement and supply of personal protective equipment HC 928

Monday 14 December 2020

Ordered by the House of Commons to be published on 14 December 2020.

Watch the meeting

Members present: Meg Hillier (Chair); Gareth Bacon; Shaun Bailey; Olivia Blake; Sir Geoffrey Clifton-Brown; Dame Cheryl Gillan; Shabana Mahmood; Sarah Olney.

Gareth Davies, Comptoller and Auditor General, National Audit Office, Adrian Jenner, Director of Parliamentary Relations, NAO, Charles Nancarrow, Director, NAO, Robert White, Director, NAO, and Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 87-282

Witnesses

I: Alex Chisholm, Permanent Secretary, Cabinet Office, David Williams, Director General, Finance and Group Operations and Second Permanent Secretary, Department of Health and Social Care, Gareth Rhys Williams, Government Chief Commercial Officer, Cabinet Office, Michael Brodie, Interim Chief Executive, Public Health England, Jonathan Marron, Director General of Community and Social Care at the Department of Health and Social Care, and Dr Emily Lawson, Chief Commercial Officer, NHS England & NHS Improvement.

Reports by the Comptroller and Auditor General

Overview of the UK government's response to the COVID-19 pandemic (HC 366)

Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19 (HC 524)

Investigation into government procurement during the COVID-19 pandemic (November 2020)

Supplying the NHS and adult social care sector with personal protective equipment (November 2020)

Examination of witnesses

Witnesses: Alex Chisholm, David Williams, Gareth Rhys Williams, Michael Brodie, Jonathan Marron and Dr Emily Lawson.

Q87 **Chair:** Welcome to the Public Accounts Committee on Monday 14 December 2020. We are here to look at how the Government procured personal protective equipment for the frontline during the early stages of the pandemic and onwards through the summer. As witnesses may be aware, last Thursday we heard directly from some of those on the frontline representing doctors, nurses, healthcare and social care workers about what it felt like for them. That reminds us all—those of you who are procuring equipment and those of us who are challenging how that went—how important it was and the reason for it, namely to protect the public and the health of those supporting them.

Today, we will not be looking at individual contracts but more at how the Government managed the whole process of procurement—what went wrong, what went well and what needs to be improved. We have heard a number of concerns about the processes that take place and we hope to get to the truth today. We thank the National Audit Office for its two very helpful Reports looking at the process, particularly the PPE procurement. PPE is particularly significant because it accounts for the lion's share of all the procurement that took place under emergency provisions. We know that such provisions were in place.

Before we go into the depths of the Report, I want to introduce the witnesses. We have in the room with us David Williams, who is the Second Permanent Secretary at the Department of Health and Social Care; Jonathan Marron, who is the Director General for PPE at the Department of Health and Social Care; online, we have Michael Brodie, who is the current interim chief executive of Public Health England; we have Alex Chisholm here, who is the Permanent Secretary at the Cabinet Office; and Gareth Rhys Williams, who is the Government Chief Commercial Officer at the Cabinet Office.

If I may come first to Mr Rhys Williams, you are the professional lead for commercial activity, and were recruited to bring rigour to the process and to ensure that Government moved from the dark ages of procurement into more modern ways of working. In your professional experience, can you run through for us what you think went well with PPE procurement and what went wrong.

Gareth Rhys Williams: I think a number of things went well, the most important being that we managed to procure vast amounts of PPE very quickly from a standing start—we will probably come back to the nature of that. That talks to the strength of the commercial function that colleagues have helped to build up over the past few years. We were able to move at speed. The text talks about 450 people, but at the peak nearer 730 people were involved—not all full-time, but colleagues from across Government were engaged in supporting the efforts of the Department of Health and Social Care and particularly the NHS. That went very well, and that flexibility was also applied well in other Covid-related procurements.

At the start of the process, we got out a number of what are called procurement policy notes very rapidly, enabling the emergency regulations, but also—and it doesn't have as much coverage, but I think it has been

almost as important—guidance to contracting authorities around the country on how to deal with contracts and suppliers who might otherwise have failed performance tests because we had asked them to stay at home. By showing that flexibility very quickly, I think there is no doubt we kept alive many hundreds of vendors who would otherwise have gone to the wall. Those are some things that have gone very well.

Clearly, there are some lessons in the PPE procurement, particularly relating to transparency. It has taken us too long to publish the contract award notices. We are now up to date on PPE; we are up to date everywhere in the DH realm—and colleagues can jump in on that—apart from test and trace, where we have still got some work to do. That did take us too long; there is no question that we need to work on how we get faster on that. We are hoping to publish a Green Paper in the next few days which speaks to how we underpin our work on transparency, so I think there is an issue there.

With that comes this issue of the priority list. I think we should have better documented how and why people moved on to that list, but I suspect we will come on to it. But that was not in normal triage in the sense of the medical triage—people being left outside the tent or being brought into a hospital scenario. We were desperate to buy from anybody, so it was a priority handling mechanism rather than a, "You will get a contract, and you won't get a contract." I think the data in the NAO Report speaks to the fact that 10% of the contracts on that priority list were lets to people on that list. 90% were not, and that really underscores the rigour of the system that we put in—perhaps I should have mentioned that in my what went well.

Despite the fact we rapidly put together so many people, all in one place, of different systems, coming from different Departments—a large chunk from the Defence Medical Services as well—we put in place this eightstage process which I think has proved very rigorous. The fact that we achieved so much volume at such a small percentage—0.5% of the product proving unworkable—is really astonishing. Given the magnitude of what we were buying, 0.5% is still a very large pounds number. But as a percentage at failure rate, it is quite astonishing. I think I should probably pause there.

Q88 **Chair:** I just need to pick you up on one figure. You talk about 0.5% of products not having met clinical standards. The NAO, in its PPE Report, on page 40, paragraph 2.20, says it identified the "equivalent to around 1% of the items it had received it to date." Can you just explain the differences between those figures?

Gareth Rhys Williams: Yes. We ordered a very large amount. Some of it is still in transit to us, so we can only obviously assess the stuff that has actually shown up. That is why that number will change—up or down—as the final deliveries are made.

Q89 **Chair:** I am going to move to some of the Cabinet Office rebuttals to Mr Chisolm in a moment. You talked about having, at peak, 730 people—so

you basically had a core of 450 people from across Government to come and support this procurement work?

Gareth Rhys Williams: Yes, it ramped up over a period of time, I am sure we will talk about the 15,000 offers of help we got. Frankly, even that team wasn't sufficient.

Q90 **Chair:** Yes. So my question is what level were these people at? Because there is a difference between sifting documents at the early stage and actually making commercial procurement decisions. You are the head of the commercial function; how many of these people had commercial experience? Was there an issue there?

Gareth Rhys Williams: They were all from the commercial function, excepting consultants we got in. We had consultants from a couple of the procurement consultancies, who were helping us with that first paperwork processing, as you describe it. But the eight-stage process was all commercial people, and the decision making, at the end of the day, which was managed in DH, was all commercial.

Q91 **Chair:** So these were people with professional expertise? So it is helpful for colleagues, when they are asking questions later.

Gareth Rhys Williams: Yes. These weren't generalists. That underlines, in a way, the success of what we managed to achieve: that we managed to get so many commercial people all in one place with one objective.

Q92 **Chair:** Okay, but you could say it underlines when things have gone wrong that these were professional people in their area, who should have got some things right, but I will leave that for other colleagues to pick up. There has been some quite substantial publicity about some companies that clearly should never have got anywhere near the contracts or that produced substandard equipment. How many companies are you investigating?

Gareth Rhys Williams: I will defer to Mr Marron for the latest on that, but from memory I think that three or four have not delivered, and we are pursuing those. How many companies make up the 0.5%?

Jonathan Marron: Obviously most of the offers that we received—we received more than 50,000—never turned into contracts. The first thing we went through was significant due diligence, and we did not pursue the vast majority of things that came through. That is the first part.

As Gareth has already said, 0.5% of the total orders that we have currently checked do not meet standards as fit for use. That is a very small volume that simply does not meet standards—

Q93 **Chair:** It is not just about standards, is it? It is about whether the companies were overpriced or not delivering in time. There are all sorts of issues that you might be investigating. How many companies are you investigating?

Jonathan Marron: The vast majority of the orders have arrived or the contracts are ongoing, so it is a very small number. I do not have the exact number to hand, but I could write—

Q94 **Chair:** So you have come before the Committee on this issue and you do not know how many companies? There has been huge publicity and real taxpayer concern. Notwithstanding that a lot of people put a lot of effort in during the pandemic to get this to the frontline—we get that and have banked it—there were problems with some of those contracts. Can you not give me a ballpark figure for how many you are investigating, in single figures?

Jonathan Marron: There is a small number of companies with which we have had significant problems. If I can just give some context of the market that we worked in, the reality is, given the demand for PPE in the NHS, the state of the global market in March, April, May—

Q95 **Chair:** That was then—we know that there were issues then. My question is, if something has not gone right, surely you are doing some investigations on behalf of taxpayers.

Jonathan Marron: Yes—

Q96 **Chair:** But you cannot tell me how many companies?

Jonathan Marron: —and that process is ongoing. The point that I wanted to make was that we had some level of risk in the companies that we were prepared to work with to pursue the delivery of PPE in the time when we most needed it. Obviously, throughout the process, we have rigorously kept to checking clinical standards on receipt of the goods. We have some ongoing issues, where we have not completed the process of checking whether we can certify that the goods received meet clinical standards. That process is not finished, so I cannot give you a final number.

Q97 **Chair:** But you are doing investigations?

Jonathan Marron: We are doing investigations, yes—

Q98 **Chair:** When do you think they will be finished?

Jonathan Marron: We are working through all the goods receipted and whether they meet clinical standards to the required levels. That process is ongoing.

Q99 **Chair:** Will you be blacklisting any companies if they have defrauded the taxpayer in that way?

Jonathan Marron: We are certainly pursuing companies if they have provided goods that do not meet the specifications or if there is any suggestion of fraud.

Q100 **Chair:** Do you have any idea of the percentage that might have been fraudulent?

Jonathan Marron: There are very, very small amounts of fraudulent activity, currently—

Q101 ***Chair:*** Small amounts in terms of percentages? We are still talking about lots—

Jonathan Marron: Tiny, tiny percentages.

Q102 **Chair:** Percentages could mean millions of pounds.

Jonathan Marron: Yes.

Q103 **Chair:** Okay. We will come on to that a little later. Let us go to Mr Chisholm, who heads up the Cabinet Office. Mr Chisholm, we have had quite a defensive attitude from Government in comments about the National Audit Office's two Reports. I was a bit surprised to read a rebuttal section on your website underneath the National Audit Office Report, when it came out. Some of that was, frankly, slightly bizarre to have underneath a National Audit Office Report. I wonder if you could explain why you chose to take that approach to a National Audit Office Report, which you, alongside Mr Williams—or the Department for Health—had agreed was factually accurate?

Alex Chisholm: Which remarks are you referring to?

Q104 **Chair:** They are on the Cabinet Office website. I can pick out some in particular. We can argue about percentage figures—I recognise that they change over time—but this was an agreed Report, and I have already raised the point about 0.5% of products not meeting clinical standards. The National Audit Office Report said that it was 1% of those received to date. I might show you the picture of it and then you might recognise where it has come from.

You put in claims and rebut them, so that to anyone who is a layperson, it reads as thought you are rebutting the National Audit Office Report, and that is the real concern. There was some selective quoting; let me find some choice examples. You defended the VIP line by stating "MPs rightly were keen to pass on offers" as though MPs knew that they were passing on offers to a VIP line, which is rather over-egging it, or underegging it.

The website refers to "ministerial conflicts of interest" whereas the NAO was very clear on all of that in its Report, and the website does not reflect what it said. The website also states "some contracts have not been uploaded in a timely fashion as a result of prioritising staff's time on securing life saving PPE for the NHS." In a sense that is a truism; of course we all wanted to prioritise life-saving PPE for the NHS, but it was an extraordinary response to a NAO Report, when transparency has got to be the bread and butter of the Cabinet Office's business. If you are not the upholders of transparency in Government, who on earth is? I was pretty shocked to read some of this stuff.

Alex Chisholm: Thank you for drawing my attention to that. Certainly, it is the case that we accepted the NAO Reports, and I am happy to say on the

record that we found them extremely useful and very thorough. We expect to be acting on the recommendations contained in those Reports. Obviously, we want to hear what the Committee has to say today in the ordinary way before we respond formally to the Reports, but I do think that they have been very helpful and—

Q105 **Chair:** It is not normal. I don't usually see this sort of response to NAO Reports on the Cabinet Office website—hyperbole and rather emotionally written. Is that a new approach by the Cabinet Office?

Alex Chisholm: I will take it up with the communications team when I get back to the office; thank you for drawing my attention to it.

Q106 **Chair:** I have to say that it read much more as a political response than a Civil Service one, and that's what really alarmed me, so I think you could look at that. Gareth Davies, the Comptroller and Auditor General, would you like to say anything at this point?

Gareth Davies: We were happy that the process with the Report clearance was our normal process.

Q107 **Chair:** Okay. It is useful to confirm that both Reports were agreed factually. One final question to Public Health England on pandemic planning. Were you involved in Operation Cygnus?

Michael Brodie: Yes, Public Health England were involved in that.

Q108 **Chair:** What was the extent of that involvement? Could you describe it a bit to us?

Michael Brodie: PHE does a lot of emergency preparedness planning, so our team would have been involved in working through the exercise and in coming up with scenarios. In all of the broader planning, we worked closely with NHS England, the Department of Health and Social Care, and the chief medical officer in describing the scenarios and the actual roleplaying of the exercise. The recommendations are then for the Department to implement, alongside others.

Q109 **Chair:** Did you feel that you got the powers and resources that you needed out of that operation to deliver in a pandemic?

Michael Brodie: Our preparedness has been for an influenza pandemic. As well as the PPE stockpile that we have talked about today, we also have a stockpile of antivirals and antibiotics. We have an advanced purchase agreement for a vaccine. We believed that we had what was required for a flu pandemic.

Q110 **Chair:** So there was nothing more that you could have wanted at the beginning of the pandemic?

Michael Brodie: In any scenario, there is always more that you can do and more that you can learn. But in terms of the recommendations that NERVTAG—new and emerging respiratory virus threats advisory group—

have made about what is required for a flu pandemic, we had those in place. We had our stockpiles of antivirals and PPE at the outset of the pandemic.

Q111 **Chair:** Public Health England's budget had been cut quite a lot prior to this, and yet you are a key part of any planning for a pandemic. Do you think that was a contributor to what subsequently happened?

Michael Brodie: The PHE's operational budget had reduced in line with other Departments' budgets, but the pandemic preparedness stockpile is a separate part of the Department of Health and Social Care budget that the PHE manages on its behalf. That had been maintained during the past 10 years.

Chair: I will leave it there for now, and go over to Dame Cheryl Gillan.

Q112 **Dame Cheryl Gillan:** Mr Chisholm, I wonder if you could just give me a bit of information. What is the latest up-to-date position on legal disputes over procurement? Do you have a lot of outstanding legal cases? Have you the exact number of how many contracts were cancelled or were not pursued? Lastly, what is the position on criminal investigations? Is, for example, the National Fraud Intelligence Bureau, which is responsible for the policing lead on economic crime, doing any investigations at the moment? If you do not have the answers now, I would be very happy for you to write to the Committee on that.

Alex Chisholm: Thank you very much, Dame Cheryl. We have two legal cases in the Cabinet Office, regarding communications contracts. For the first of those, I think we are due to file our evidence in about a week's time to the court. On contracts cancelled, that would be more a question, I think, for the DHSC, but as you heard earlier, there were one or two contracts that they have had cause to cancel. And in terms of working with the authorities—the police, the National Crime Agency etc.—in relation to fraud, yes, I can confirm that we do work closely with them and, as part of this whole due diligence process, have had reason to have access to the police national database several hundred or even thousands of times, as part of those checks. That's exactly part of the due diligence process.

Q113 **Dame Cheryl Gillan:** If we could have a schedule of those contracts that were cancelled eventually, that would be helpful. And can you tell me this? Has this crime also been internationally based? I ask because we appreciate that this is a worldwide procurement issue. I don't want you to give any details that you can't give us, pending inquiries, but I presume that there are both national and international criminal implications from this.

Alex Chisholm: Yes, I can confirm that that is the case. We have worked closely with intelligence agencies on that matter.

Q114 **Chair:** A final question from me before I go to Sir Geoffrey is about the Boardman review, Mr Chisholm. Thank you for sending us a copy of that. From what you have said, you are accepting every recommendation. Just

explain this for those who are watching and perhaps aren't aware of what it's about.

Alex Chisholm: Over the course of the summer, when we were looking at some of the procurement cases that had come to light, both in the media and the two legal cases just mentioned by the previous speaker, and also through our own internal audit work that we had initiated, because obviously there were large amounts of money being spent here in extreme circumstances—putting that all together, we took a look at this growing body of evidence, and I was of the view that we needed to get an independent assessment of this, because it seemed to merit that, so we invited somebody called Nigel Boardman, who is a senior lawyer and chair of the audit and risk committee for another Government Department, to come and look at the evidence that we had and form an assessment about things that we might need to do differently and better, rather than waiting for the court actions. He got stuck into that very quickly, with a support team of some commercial experts, and produced a report with 28 recommendations, which we were able to put to the chair of the Cabinet Office audit and risk committee, to myself, to the COO in the Cabinet Office and to Ministers; and we agreed that we should accept this without qualification.

I wanted the Committee to be aware of that, because obviously it does refer to a number of ways in which we think our procurement practice could be done to a higher standard. As I say, rather than waiting to be told, we thought we would get on with it and press on with those improvements.

Q115 **Chair:** It is heartening that you accept the Boardman report and heartening that it says that his recommendations "are broadly consistent with the findings of" the National Audit Office and the Government Internal Audit Agency. That just underlines for me the surprise at your response on your website to the National Audit Office Report.

Basically, you are saying you agree with this and the National Audit Office Report and you will be implementing all the recommendations. By when will we see those implemented? I don't know whether you or Mr Rhys Williams will answer that.

Alex Chisholm: On the Boardman report, we have given ourselves up to six months—at least, the review by the audit committee will be done by then. And a number of the things that are recommended in that are already being adopted—desktop guidance, a lot of retraining of people etc. All that has happened, and I have written to all budget holders across the Cabinet Office to make sure that they act in keeping with the recommendations of Boardman, effective today. So all of that we are not waiting on, but some of the other recommendations in the Boardman report will take a bit more time to put together. For example, he recommends that we have a comprehensive database of all interests that is searchable across Government, to deal with Ministers with cross-cutting responsibilities. That is not something that we will do in a matter of days or weeks, but we will certainly have it in place over the next few months.

He also notes that we had in hand already some proposals to improve the way in which procurement takes place generally—the reforms that Gareth Rhys Williams just referred to. Those will address the particular scope for acting in emergency situations and will enhance some of the transparency expectations there. Under European rules, it is voluntary, for example, to publish an information notice if you are making a direct award. We are looking at perhaps raising the bar higher there; it has been our way in the UK generally to take a higher standard on transparency.

It is a mix of things, but I assure you that we will adopt all those recommendations, and also those that apply across the whole Cabinet Office or, indeed, across the whole of Government, as in the case of the management of conflicts of interest. Again, I know that will be energetically pursued by other Departments as well as our own.

Chair: That is a start. I am going to move into the main session. I think we are all concerned about the lack of transparency around this. That is one of the big problems—we have not been able to see what has been going on. We welcome the independent reports that looked to this, which give us a starting point for today; chapter 1, if you like, of our work on PPE procurement. I turn to Sir Geoffrey Clifton-Brown.

Q116 **Sir Geoffrey Clifton-Brown:** Michael Brodie, you are the interim chief executive of Public Health England. I would just like to follow up, if I may, the Chair's question about Operation Cygnus. Given that the national risk register as long as 10 years ago pointed out that a pandemic was one of the key risks to this country, I just wonder whether your organisation, and indeed Operation Cygnus, was too narrowly focused on that being a flu pandemic that would hit this country, not a SARS-like pandemic, which is why you started the Covid pandemic with the wrong type of stockpile—an influenza-type stockpile, rather than a stockpile suitable for Covid.

Michael Brodie: The work we do is guided by the national risk register, which is owned by the Cabinet Office and which has the flu pandemic as its No. 1 risk. The Department of Health, following specialist advice from NERVTAG, then makes prioritisation decisions as to which infectious diseases and other hazards we should prepare for, and a flu pandemic has been top of that. With that in mind, PHE makes the preparations for the procurement, the supply chain and the logistics to support that. Again, that follows the fact that all this work was put in place after the 2009 swine flu outbreak pandemic, which was a swine flu pandemic, so the available evidence to NERVTAG and others was around influenza pandemics. That is largely the basis that all other European countries, the United States and others planned on.

Q117 **Sir Geoffrey Clifton-Brown:** Given that your organisation is responsible under the national strategy for developing a plan to discharge its duties, which include the management of the national PPE stockpile, ownership of the PIPP stockpile and providing the secretariat for NERVTAG, you have a key role in providing the stockpile, making sure it is correct and distributing

it, so when did you actually realise that we had an inadequate PPE stockpile to deal with this Covid-19 pandemic?

Michael Brodie: Let me talk you through the sequence of events. From 30 January, we were issuing stock from the pandemic stockpile to the other UK nations. During February, when the number of cases was low, we continued to use business-as-usual procurement of PPE as the means by which we supplied into the system. A decision was made in mid-March, when we recognised that the pandemic was growing exponentially. The arrangements that we had in place and the contracts that we had with Movianto to do the warehousing and distribution were operating satisfactorily for the level of the pandemic at that point. However, we recognised that that exponential growth meant that we needed to do more. There was a consensus agreement between NHS England, the Department of Health, Public Health England and others that we would move to a parallel supply chain. At that point, the Department of Health and ourselves made sure that we had another set of arrangements in place to supplement the existing arrangements, and that is where a lot of the activity that you have seen around the procurement of additional PPE took place.

Q118 **Sir Geoffrey Clifton-Brown:** Thank you for that. I'd now like to go to David Williams. Good afternoon, Mr Williams. You heard that answer. In February your Department contacted SCCL, because you had been overwhelmed by requests for PPE from the various NHS trusts. You ordered them to go out into the world and buy whatever PPE they could. Why did they singularly fail when it came to a shortage in March and April?

David Williams: It is worth looking at our response in a number of layers: first, releasing PPE from the stockpile that Public Health England manages on our behalf; then, from February, really setting SCCL, which runs the NHS supply chain, off to buy additional stocks of PPE through their existing network of suppliers and existing framework contracts, while setting up in parallel the new supply chain, whose principal focus was exploring new avenues of supply and the potential thereafter for UK manufacture. As a graduated response in quite an uncertain context with a global shortage of PPE and unprecedented demand, the sequence of response was to first release the stockpile, buy through existing channels, and set up our purchasing to buy through new suppliers, while thinking about the opportunities for UK manufacture as well. That would be the sequence I would set out for the Committee.

Q119 **Sir Geoffrey Clifton-Brown:** That may have been the sequence, but you knew you had a problem way back in February. You declared a red risk alert on the 31 January. We heard from Dr McWhirter of the Royal College of Nursing and other witnesses that the health service almost ran out on Easter Sunday. It went from a situation of knowing in February that there was a problem to almost running out on Easter Sunday— running out of PPE in a major NHS hospital on Easter Sunday. How could that possibly have happened?

David Williams: First, as the NAO Report sets out, individual hospitals did not actually run out.

Q120 **Sir Geoffrey Clifton-Brown:** Sorry, but I really must stop you there. I want to quote to you what Dr McWhirter actually told this Committee on Thursday 10 December. She said, "Our absolute pinch point was running out over the Easter weekend. We had enough on Easter Sunday, 12 April, to last until 7pm, and then I had absolutely no gowns to provide protection for my staff. We had a lot of patients with Covid, so we were using a fair amount of PPE. I spent the entire bank holiday weekend making phone calls and trying to find private providers, phoning friends in organisations to say, 'Can you lend me 20 masks?'" This is coming from a senior nurse in a major NHS hospital—"'Can you lend me 20 masks?' The hospice down the road put 10 masks in a taxi. It was at that level that we were trying to get our supplies." That is a pretty shocking situation, is it not?

David Williams: Look, I absolutely accept that the availability of PPE right at the frontline was not consistently where you would want it to be in order to provide protection for frontline staff and patients in those crunch months of March and April. The measures that we put in place meant that we did not, however, run out of PPE at the national level. There were challenges in distribution to organisations and within organisations. But it is worth remembering that the scale of the growth in Covid in that time followed a very different pattern from what we may have expected in a bad flu pandemic, which really goes to your previous point. We were learning more about the disease as it progressed, and we responded as quickly as we could to those challenges. Does that mean that it was comfortable on the frontline? No. I absolutely understand the anxiety and concern that not knowing where your next delivery of PPE, in that kind of timeframe, was coming from must have caused.

Q121 **Sir Geoffrey Clifton-Brown:** Your Department is entitled the Department of Health and Social Care. If it was bad in the NHS, it was even worse in social care, wasn't it? Professor Green, Chief Executive of Care England, told us last Thursday: in the social care sector, there were "20,000-plus deaths in the first wave… we were in a desperate situation… managing and supporting the people who were in the most severe need." Again, at Question 66, he said, "we ran out in lots of areas". So people were working in social care without PPE in some of the most difficult situations, dealing with some of the most difficult and vulnerable patients in this country. How was that situation allowed to develop?

David Williams: We start from a different system of supply in the NHS and in social care in peacetime, if you like, with NHS stocks procured by trusts or through the NHS supply chain and on the whole, social care procuring through wholesaler routes. So the baseline set-up is different. Indeed, more generally, as Chris Wormald and I have said to the Committee before, I think it is fair to say that coronavirus has shone a very sharp light on some of the underlying pressures and challenges in the system for which we are responsible.

From March, we began to push PPE out to social care, in part in response to some of the concerns that Professor Green raised around the end of March. If you look at our first cut PPE strategy in April, and at our response there with additional PPE both put into the wholesaler network and put out locally through local resilience forums, we were looking to stock up social care supply, but as an emergency top-up rather than a core supply route.

Q122 **Sir Geoffrey Clifton-Brown:** Now, I wonder if you could scotch some of the rumours. Can you tell this Committee that categorically, at no stage, were PPE supplies diverted from the social care sector to the NHS?

David Williams: I can provide that assurance, yes.

Sir Geoffrey Clifton-Brown: The rumours would indicate the contrary.

David Williams: There were no contractual engagements from the Department in which we were looking to pull PPE out of social care into health.

Q123 **Sir Geoffrey Clifton-Brown:** Let me put the question the other way around: why wasn't social care given the same priority for PPE that the NHS was?

David Williams: As I have said, social care started from a position where routinely—and this is not a single national public service, but largely quite a disparate sector with lots of private providers—it sources its PPE, in normal times, through a network of wholesalers—

Sir Geoffrey Clifton-Brown: I am sorry to interrupt you, Mr Williams. I don't want to go over all this ground, because we have been over it before, but the NHS discharged 25,000 patients without testing them for coronavirus. As one of the GPs in my constituency put it to me, if you put people into care homes when you don't know whether they have got Covid or not—they are some of the most vulnerable people in the country—you are bound to cause a problem, and that resulted in 20,000 deaths in the first wave. It is just beyond belief, really, what happened in the social care sector.

David Williams: As I have said, from the start we began to put admittedly smaller quantities of PPE into social care than the main supply route into the NHS. That reflects the different nature of those two sectors.

In terms of our guidance in mid-April, we spent quite a bit of time looking at the differences in infection control and what that meant for appropriate use of PPE in social care settings, and increasing the volume put out through wholesalers and local resilience forums. We also began our work on the new e-portal, which is now fully up running, and to which around 90% of social care providers are signed up, so that we are able to push what they need for Covid—for free now, rather than buying through wholesalers—out to them directly.

Q124 **Sir Geoffrey Clifton-Brown:** We will come to that, so let us leave that for a minute. Having described the severe shortage that was built up, particularly on Easter Sunday, on 19 April you brought in Lord Deighton, and you established in late March the parallel supply chain. What difference did that make?

David Williams: Lord Deighton came really in an advisory capacity to oversee the work that the Department, NHS England and our joint civil service team were doing to red-team and kick the tyres on our strategy, and to ensure that there was appropriate focus on delivery of that plan. The principal achievement of setting up that parallel supply chain was that that was the mechanism by which we were able to access the substantial quantities of PPE on the global market—up to 32 billion items now— **Sir Geoffrey Clifton-Brown:** We will come to the procurement process.

David Williams: The access to that global market, as well as putting in place a more robust, strengthened warehousing and distribution system were, for me, two of the principal benefits. You may also want to hear from Mr Marron, who was jointly leading that team.

Q125 **Sir Geoffrey Clifton-Brown:** We will. This is my final question for you, Mr Williams. Given my fairly penetrative questions on running out both in the NHS and in the social care sector, have you done work to find out whether any NHS institutions actually ran out of PPE, and do you know how many social care settings ran out of PPE?

David Williams: We do not have evidence of organisations running out of PPE. The NAO Report says—

Q126 **Sir Geoffrey Clifton-Brown:** Can I just correct you there? I accept that for the NHS, but for the social care sector, Professor Green was very clear that quite a number of social care settings had run out of PPE.

David Williams: Through formal reporting, we do not have any evidence. The NAO, from the NHS trusts and the directors of adult social services that it interviewed, found that although a number came very close to running out, none fully ran out. That does not mean that in an organisation there are not problems of distribution or that the loading of PPE particularly matched the methods of infection control being used on an individual organisational basis. However, we have no formal reporting up through our systems of organisations running out. That does not mean, if you have only one or two days of stock and do not know quite what is coming in your next replenishment, that that is not an issue of great concern to local organisational management and absolutely to staff working on the frontline in difficult circumstances.

Q127 **Sir Geoffrey Clifton-Brown:** I will repeat that because I want to be very, very sure on this point. You have just told the Committee that through your formal reporting mechanisms, no NHS or social care setting actually ran out of PPE.

David Williams: That is what I am saying but let me just look to Mr Marron to confirm that.

Q128 **Sir Geoffrey Clifton-Brown:** Do you want to confirm that, Mr Marron, please?

Jonathan Marron: There was no formal reporting to suggest that. The reporting that we had on social care was that there was a risk of running out within 48 hours, which we monitored through the internal available capacity tracker. That is 48 hours. We were providing emergency supplies to social care, so the NSDR—the national service disruption hotline—for example, which was available from mid-March, would supply immediately anybody who would run out within 24 hours. One of the challenges we had was that we really were just in time in some of those critical areas, and that clearly caused a great deal of stress for those trying to manage services and worrying about whether there would be enough in a delivery.

We were working through March and April on daily deliveries to all NHS organisations. We were making decisions on a daily basis to match incoming supply to the areas that most needed them. It was extremely tight. We do not have reports of NHS institutions running out completely. We know that people were working very hard locally to source supplies, as well as the national supplies that we were able to provide. In social care, we worked really hard on robust emergency arrangements with the NSDR, and from early April we worked with the local resilience forum and supplied them with PPE, so that they could meet local needs. It is the emergency channels that I want to concentrate on. May I just—

Q129 **Chair:** Before you go on from that, what proportion or percentage of social care setting organisations got to that 48-hour or 24-hour limit?

Jonathan Marron: In March, there were reports of up to about 20% of social care—

Q130 **Chair:** Only 20%?

Jonathan Marron: Those reporting through the capacity tracker.

Q131 **Chair:** But you would acknowledge that there may have been ones that were small and were not reporting through the proper system, but were just trying to get on with what they had to do?

Jonathan Marron: The data for social care, and particularly our inventory for social care, is not as you would want to run this kind of process. The capacity tracker was a new tool that we used for this Covid crisis, and which gave us the first information we ever had. With the NHS, there were better sources of information although, again, in the early part of the crisis, that was based on daily sharing of spreadsheets between the national team, regional offices and trusts. By about May, there was automated inventory data. We have massively moved on.

On social care, I just want to say that in April we started to pilot essentially an e-portal. We worked with Clipper Logistics, eBay and some other firms, and with Royal Mail to deliver, to try to get PPE out. Obviously, small care homes essentially wanted quite small amounts compared to the NHS but in very, very diverse locations. That e-portal was successful, and we have now rolled that out. Over 80% of social care and NHS primary care organisations that are eligible have now registered and of those, 92% have ordered. We have written several times to each organisation asking them whether they wish to take up the offer, and that is available. I would encourage anyone who has not registered for free PPE to do so, and that is available over the winter. We hope that could be the main supply of PPE for many.

Q132 **Sir Geoffrey Clifton-Brown:** I want to come on to that later but thank you very much for that answer.

Finally, to Mr Williams, as if the NHS has not had enough challenges already, it is now perhaps to enter its biggest, and that is its vaccination programme. What lessons have you learned from the Covid virus so far, but particularly with PPE procurement, about large-scale roll-outs?

David Williams: The nature of the procurement programme is obviously very different, so securing supplies of a new vaccine has no particular read-across to procurement of bulk consumables.

Q133 **Sir Geoffrey Clifton-Brown:** I was thinking more in terms of the rollout.

David Williams: On distribution and roll-out, there are some lessons from PPE logistics and distribution, although as many from our experience of setting up the local test-and-trace infrastructure, and the movement of test kits around the country. One practical lesson that we have learned is that the senior official in NHS England who jointly ran the PPE programme with Mr Marron is now running the NHSE vaccine roll-out programme, so that we can pull that learning directly over. There is something there about storage, there is something about distribution, there is absolutely an issue around underpinning data to make sure that you have the call and recall system for multi-dose vaccines right. Some lessons, but I would not overplay it.

Q134 **Sir Geoffrey Clifton-Brown:** Can I—*[Interruption.]* I will come back to you in a minute, Mr Marron. A really important question about what you have just said, and I asked one of the witnesses on Thursday: are you sure that every person who gets the vaccine is going to be properly logged, so that if there are problems going forward or, indeed, as a reminder for the second vaccination, there will be a proper administrative system?

David Williams: That system has been worked on and is rolling out. The intent is to be able to call people back. Ideally, there is a 21 to 28-day period, with the system looking into GP records. Where the GP and NHS number are not readily available, depending on your background, then we will think about some workarounds, but that system has been developed and is rolling out.

Sir Geoffrey Clifton-Brown: Thank you, Mr Williams. Mr Marron, I am very sorry, I cut across you.

Jonathan Marron: I just wanted to add that you asked Gareth earlier around the major successes. One for me is the standing up of the PPE parallel supply chain. Essentially, we stood up from scratch a global supply chain. It was not just the procurement cell that we have talked so much about, but shipping logistics from China, Malaysia, wherever things were coming from, and holding, warehousing and distribution, allowing us to sort, pick and distribute to the NHS and social care. So a really significant logistics operation.

We got great support from the MOD and 101 Logistic Brigade, which have helped us with their expertise, and a number of our officials. Emily, who Dave has talked about, 101 Logistics is back helping on vaccines and we also have some other key logistics professionals who we have brought in to help us and who are now helping on the vaccines programme. So hopefully some things we learned through having to do those things very quickly, those skills have been transferred. One of the things we have done is built a much clearer customer focus than perhaps has been traditional in the NHS supply chain. So, trying really hard to understand what people need and want and how we match our supply to that. We have worked quite hard over the last three or four months.

Sir Geoffrey Clifton-Brown: Thank you.

Q135 **Chair:** It is certainly fair to say that in previous work we felt that there was a decision on what was needed rather than what was understood. That brings me to one question about lessons learned. You now have social care providing the data, you have an inventory approach. Is that something that will now be a permanent fixture, so that there will always be sight in the Department of Health and Social Care about the different needs—mainly it is PPE at the moment—across the social care sector?

Jonathan Marron: I think we have been really clear about the lessons we have learned immediately and what we have put in place for this winter and the immediate—

Q136 **Chair:** I am thinking longer term than this winter.

Jonathan Marron: We have not taken those long-term decisions yet, but there are obvious things about how we run supply, both the data that we need and the understanding of what is needed, which I think we will definitely take forward. Indeed, there are some questions about the value of a national procurement system and whether there are places where that is worthwhile for resilience. Our wider question of resilience comes back to UK made, which I am sure we will talk about later, and whether we should be building greater capacity.

Chair: Which we will come to in a minute.

Gareth Rhys Williams: I would just like to echo what Jonathan was saying. Part of the issue that the NAO picked up on and was in the heat of the moment at the time was that SCCL, the enterprise that is presently within DH that procures for the NHS, is not a mandated service. We can argue about the merits of mandating, but over the past couple of years I think it has taken its market share up from 40% to 80%, which has been fantastic. However, you still have a situation where a lot of trusts are buying themselves. So, in a chaotic market, which is what the PPE market was in those early months, not unsurprisingly, trusts were buying themselves, until we were, in effect, competing against ourselves.

Q137 **Chair:** I think there are issues around the market, which we will come to.

Gareth Rhys Williams: Yes, indeed, but I think one of the lessons is— and this is not a wider point about how the rest of the NHS is organised, which is nothing to do with me—that central procurement, when it works really works very well, and we have got ourselves to that situation now. To let that fall back to where we were would be a big loss.

Q138 **Chair:** That is your professional opinion as a commercial expert.

Gareth Rhys Williams: Yes, I think so. It needs to be properly governed and owned by the NHS, which is, again, not for me. One of the things we wished we would have had in February and March would have been a robust and mature central procurement system that was already set up and already accepted by the trusts, and unfortunately we didn't have that—that is not the starting point we had.

Jonathan Marron: Just to give a brief example, we are now in the position that NHS trusts were able to move to what we call inventory management. Essentially, we know how much they have, and we just keep them stocked. They shouldn't have to worry about PPE—it should just flow as it is needed. We can do that. We were nowhere near that position when we started this process. There are some really significant steps forward in the way that we have managed the flow of our stocks—

Q139 **Chair:** It is interesting. In Denmark, they have just-in-time deliveries and barcoded things. There is a lot, perhaps, that the UK can learn, but it has taken a pandemic to get there.

Jonathan Marron: On just in time, we are moving away from it. In March, we were just in time and it was very frightening. The NHS has asked us for seven, 14, even 21-day stock held locally.

Chair: We heard very clearly on Thursday how frightening it was for people at the frontline. We have heard that before, but even we—cynical members of the Public Accounts Committee—were shocked at the jawdropping evidence on Thursday. Our thanks to the RCN and Dr McWhirter for that.

I'm going to turn to Olivia Blake, with Gareth Bacon standing by.

Q140 **Olivia Blake:** Thank you, Chair. I want to pick up on some of the evidence that we heard last Thursday from Dr McWhirter about the RCN

survey back in April, which found that 51% of respondents had been asked to reuse single items of PPE. What is your definition of running out of PPE? Would reuse of single items be counted as running out?

Jonathan Marron: It is really a question of which items of PPE. For example, visors have been reused a lot—

Q141 **Olivia Blake:** Apologies. It is not about which ones are okay to reuse—it is about single items being reused, such as masks. We heard about masks a lot on Thursday. Would you not see that as running out?

Jonathan Marron: On masks, there are clear guidelines on the single use of masks, and we have been clear about using them for sessional purposes. In terms of respirator masks, we have done some small amounts of work on whether they can be appropriately cleaned, as pilots, but we are not generally seeing them as appropriate for reuse. In terms of what we have seen as a credible approach, face visors are clearly reusable. There is some work on gowns. Those are the key things that we have seen people using. I have not seen the individual reports of reuse, but would be happy to look at that, if we had them in front of us.

Q142 **Olivia Blake:** I suggest you look at the RCN national survey. One thing that we seem to hear is a very different story from the frontline. How much direct contact did you have with trade unions at this point? Were you responding to the issues and concerns?

Chair: Just to be clear, by that do you mean BMA, RCN and Unison and other trade unions?

Olivia Blake: Yes.

Jonathan Marron: Through this process, our main contact with the frontline was through the NHS operational channels. We had a daily standup call where we would look at both incoming stock and the outgoing distribution. Those calls involved the regional officers of the NHS. They were then talking to individual trusts. We ran daily communication in terms of asking trusts what they had, what they needed and where they were. That was our major source of information from the NHS.

Then there were a set of a wider conversations, particularly on the guidance, where we worked heavily with not only the infection control professionals in the NHS and the Scottish, Welsh and Irish public health services, but also with the royal colleges. We had a wider professional engagement on what the right answer was and what the right use of PPE was, and then the operational conversation we ran through the NHS.

Q143 **Olivia Blake:** You didn't triangulate the information from the trade unions, which was clearly very different. I do think that they were trying to get in touch with you to tell you about these issues. Do you have anything further

to say about whether that would have been helpful to know—that 51% of respondents were being asked to reuse items?

Jonathan Marron: We had conversations with leading members of the RCN and of the BMA at times. Our major route to the NHS was a daily conversation through NHS operational channels. That is clearly the way we tried to reach the frontline and understand what was happening in the health service.

Chair: We are going to come back to this a little later on.

<END OF TURN AM>

I will bring in Gareth Bacon.

Q144 **Gareth Bacon:** Thank you, Chair. I came into the meeting slightly late, so I am conscious that one or two things that I might want to cover may already have been covered; if I do stray into that territory, please stop me.

The most severe shortages of PPE were in April and May, as we have already heard. Why was more not ordered in February and March?

David Williams: As I set out to Sir Geoffrey, the approach was to take a phased approach in which we released the PPE from the pandemic stockpile, began through the NHS supply chain to purchase PPE in late February and March through existing suppliers, but looking at the way that demand had taken off, and looking at the supply challenges in the global market, it was clear through March that we needed to substantially increase our approach, which led to the establishment of the parallel supply chain through March, set up and operating from the very beginning of April.

Chair: We have covered some of this already, Mr Bacon, but continue.

Q145 **Gareth Bacon:** Sure. In March, Parliament was advised that we were well placed because of the stockpile. Why did that confidence turn out to be so misplaced?

David Williams: I am glad we had the stockpile because it did at least buy us time to get going on procurement. There were some specific areas in the stockpile where, as a previous policy choice, we were not well provided for. Generally speaking, our approach to infection control has been bare below the elbow and so we were rather better provided for for aprons than for gowns and there was a bit of catch-up to be done there.

If you think about the likely course of a flu pandemic in which you have access to vaccines and access to antivirals relatively early on, the pattern of disease and in particular the risk of asymptomatic transmission has meant that our volume requirements for PPE to deal with Covid-19 were substantially larger than our stockpile going into the disease and, frankly, larger than any stockpile we could reasonably have planned for.

Q146 **Gareth Bacon:** It has been suggested—your answer seems to reinforce this—that there was an element of complacency at the beginning of the pandemic. Would you accept that?

David Williams: I wouldn't say complacency. It is in the nature of a novel disease that you learn about it as time goes on. I think we reacted relatively promptly in getting going on purchasing and in recognising the need substantially to increase our procurement activity. We were putting guidance out on appropriate use of PPE pretty much from the beginning of the response, but this is not the disease that that stockpile was primarily held for.

Now, there are aspects of our flu plan on which we have been able to build. Our first Government publication on our plan in early March set out how taking the flu pandemic plan as a jumping-off point got us a good head start in some areas, but that doesn't mean that it was the last word, and clearly, on PPE, there was more for us to do.

Jonathan Marron: One of the key differences, as David mentioned, is asymptomatic transmission. The guidance we issued on the use of PPE in early April included that for the first time. We now look at PPE not just for the numbers of people whom we suspect have Covid but for a much wider range of contexts in the NHS or social care, to guard against the potential for people having Covid but without having obvious symptoms, which is different from how we would plan for flu and of course has a substantial impact on the volumes of PPE that we model for use.

We now look to protect a much wider range of people in healthcare and social care than we would simply by identifying those patients with Covidlike symptoms and trying to project the staff around them. That made a substantial difference to the volume of PPE that our modelling said we required, requiring a substantial increase in the PPE that needed to be procured.

Q147 **Gareth Bacon:** Thank you. You have not accepted that there was complacency at the beginning. That is a harsh description; I understand that. We did not know what kind of pandemic we were dealing with, and it is novel; I understand those arguments as well. However, once we realised that the stockpile did not have the right things for the right kind of pandemic, would you accept that a certain amount of panic followed, in terms of our approach to PPE?

David Williams: I would not say panic.

Chair: You may not have felt panicky—you never feel panicky, Mr Williams; I do not know whether that is a compliment or not— ***David***

Williams: I am not sure.

Q148 **Chair:** However, it felt like it all fell over, as Mr Bacon said. You do not think there was panic, but other people might.

David Williams: I would not say panic, but in an incredibly hot global market, where pretty quickly there were restrictions on international exports and where most of our partner nations were similarly looking to procure at scale in short order, our risk appetite—not panic—was commensurate with

the with the need to make rapid progress. That meant that we were pursuing a range of deals, through the process that the Report sets out, but with a degree of risk appetite that would not normally be there in other times.

Q149 **Gareth Bacon:** Was it the kind of risk appetite that one would normally associate with panic? I do not mean to be facetious, but if I may say so, although that was a very carefully worded response, it sounded like panic to me.

David Williams: I do not think it was panic. It is not comfortable, clearly, if you are in a situation, as Mr Marron described earlier, in which substantial elements of our health and care sector have less than 48 hours' supply locally, and you are making decisions on a daily basis about the drops that you need to put into the system. That is not a comfortable environment in which to operate, but the response—setting up the parallel supply chain, running through 15,000 offers of supply, contracting and delivering substantial volumes of PPE—was an achievement, not a sign of panic.

Jonathan Marron: There are a few things I would like to say on why it was not panic. First, we maintained the eight-stage process by which we decide whether a lead should turn into a contract. We never lost that. Throughout the entire experience, we continued to make sure that we worked with the HSE and the MHRA to ensure that quality standards were maintained at all times, so there was no panic there either.

People worked extraordinarily hard. You recognise the difficulties on the frontline, and indeed people in teams working for me worked incredibly hard to try to make sure we were doing the best we could. I do not feel we had panic at any stage.

Q150 **Gareth Bacon:** A colleague will talk later on about the approach to contracts and procurement, but I want to pick you up on quality. What was the rationale behind issuing PPE on which the expiry date had already passed?

Jonathan Marron: We issued PPE with restamped expiry dates because we had retested it. These were largely items that had been held in the pandemic influenza stockpile and, as you can imagine, a stockpile ages over time and you replace it. We had some items—particularly masks— that had reached the end of their normal shelf live. We had them retested, and they met the standards, so we felt they were appropriate to use. So in all of the cases where we had issued things with new dates, it was due to testing to ensure that they were clinically appropriate and continued to meet the clinical standards required.

Q151 **Gareth Bacon:** How thorough is your testing?

Jonathan Marron: Very thorough, using the normal independent testing houses that are used for this, and in all cases signed off by either the HSE or the MHRA.

Q152 **Gareth Bacon:** Okay. I am going to quote directly from two witnesses we received last week. The first is Dr McWhirter from the Royal College of Nursing who said, "We did receive some stock where the elastic of the

masks was rotten and every time you put it on, they just broke. You could not use them; they did not create any sort of seal."

Later in the session—this is a lengthier quote, but worth repeating—Dr Nagpaul from the BMA said, "On that point, we got a lot of feedback from GP practices and we raised it with NHS England, because of concerns. The answer we got initially was that these supplies had been re-tested and they were safe. What we later discovered, in June, was that many of these expired stocks that had a new label put on them were from a supplier called, I think, Cadronel. Some 67 million units of those had to be withdrawn later because they failed the safety checks that we were assured they had passed. So the issue did not end at that point. It later transpired that many of them—millions of them—were actually faulty. They did not meet the safety standards, even though we were initially told that they had." I ask you to respond to that.

Jonathan Marron: For all the goods that we issued that were retested and we extended the expiry dates, they were thoroughly tested. We did have reports of people struggling with individual samples or small parts of the order, and we have withdrawn some products. I do not recognise the name that you quoted, but I will happily look that up and come back to you.

Where we had concerns expressed to us, they were thoroughly investigated. Where we found there were problems with either the standards or just usability—there was a particular mask where the noseband was a problem, which we did not think affected its clinical performance particularly, but people were not confident with it so we removed it. We sought both to test before releasing and then, where subsequent problems arose, we acted to quarantine and withdraw any products that people had concerns about.

Q153 **Gareth Bacon:** Do you accept or recognise the figure of 67 million units of faulty PPE?

Jonathan Marron: I do not recognise that figure, but I will happily look at that for you and come back.

Q154 **Gareth Bacon:** If you could. Anecdotally, we also heard evidence that some batches of PPE that came through were full of insects and things like this. Of course, when you open that, it goes straight in the bin—and when you have a shortage anyway, that can be quite a difficult situation for those receiving it. Did you hear reports of things like that?

Jonathan Marron: I have not heard that report—certainly, that has not come back to us as a report of PPE that we have supplied. That is clearly a horrific thing to happen, so I would hope that that is not from our supplies. It certainly has not been reported to me before.

Like I say, we have tried very hard to ensure that we have secured appropriate quality certification. Where that has been in any way in doubt, we have quarantined stocks. We have worked very hard with the regulators—the MHRA and the HSE—to reach agreement that the stock is appropriate for release, and in any case where we could not do that, we have not released it.

Q155 **Gareth Bacon:** I do not doubt at all that things we done in good faith. I am not trying to impugn anybody's integrity, and I also understand that things had to be done at great pace and under great pressure, but some of the examples of failures reported to us by some of the witnesses we had last week were alarming in the extreme.

Chair, I have had the question answered, but I think it be worthwhile for us to send a copy of the transcript to the witnesses and request a reply in writing to some of the situations described in it.

Jonathan Marron: I would be very happy to do that.

Gareth Bacon: Thank you.

Q156 **Chair:** You said that you didn't hear reports. Did you actively go out and ask? Have you since gone out and actively asked people on the frontline?

Jonathan Marron: Yes. I have not heard reports of insects in boxes. We have, of course, heard reports of people having concerns with some of the products that we released. We have acted to remove some of those from the supply chain. Our process was, through the NHS England regional offices, talking to individual trusts on a daily basis about products, and talking to the LRFs, initially through the Ministry of Housing, Communities and Local Government and then, more recently, through my own team, to ensure that we have that constant communication with people that we had been supplying product to, and we have been able to act. We have also run hotlines through the supply chain, which people with any concerns about the product have been able to ring. We also ran what we called our decision-making committee, which brings together officials from the Department—*[Interruption.]*—and the regulators to look at any quality issues.

Q157 **Chair:** Given what we have heard—we heard this particularly in our session, but there were other times—do you think there was a culture of not passing bad news up the line? Is there a sort of omertà in the NHS and social care that says, "We've all got to stand together and say it's all fine"?

Jonathan Marron: I don't think so. Certainly, it didn't feel like that in April and March in terms of the very difficult problems that we knew people were facing and that we were all working very hard to overcome. I certainly didn't feel that people weren't—

Q158 **Chair:** Also, those people were very busy, so logging things, even if there was a distressing incident like insects coming out of a package—they would be worrying where they are going to get their next stock from, not thinking about pointing things out, so how—

Jonathan Marron: I am quite happy to investigate that one, but that is not one—

Q159 **Chair:** So do you have an anonymous portal or anything on a website? Is there something easy that a member of staff can do on an app? We know these things can be anecdotal and that there can be other reasons, but it is still a useful way of gathering things.

A previous Health Minister once said to me, "You can tell a hospital is having problems because of the number of complaints that come to the Member of Parliament." I should say that I rarely have complaints about my own hospital, and it is a very good hospital—a little shout-out to the Homerton there. There is a serious point there, however, that there were indicators. If you are getting a raft of complaints, that will say something. Is there any plan for any broad mechanism?

Jonathan Marron: We have a set of arrangements in place to record complaints that we have had. I am not actually sure that any of them are anonymous, as you suggest, so we should perhaps look at that. It is a sensible suggestion that I am happy to take away. I am very happy to look at these particular complaints, if that is helpful, but it is not one I am familiar with—

Q160 **Chair:** Yes. After what we heard on Thursday, we would very much like you to look at those particular complaints.

Jonathan Marron: I am very happy to, and I will follow up with the witnesses as well, if that would be helpful.

Q161 **Chair:** Yes, because they may deserve an apology, or it may have been one of those things—who knows?—but at the very least we would want to—

Jonathan Marron: It was clearly a very distressing experience.

Chair: We would all want to avoid that happening again, I'm sure.

Q162 **Shaun Bailey:** This one is probably for Mr Chisholm and Mr Rhys Williams. In March 2020, the Cabinet Office published a guidance policy note that said that public bodies are permitted to procure goods and services with "extreme urgency" under the regulatory framework, so I am just curious to understand how things have progressed.

First, how are you looking at scoping the definition of the genuine reasons behind extreme urgency? Because that is one of the things that also comes out. There have to be genuine reasons for the use of extreme urgency. How would you define those, and what is the risk-based approach that you would take?

Secondly, something that the NAO noted was that you didn't actually set out any risks that you should be considering as part of purchasing decisions under extreme urgency, so I am curious about the rationale behind why that isn't included.

Gareth Rhys Williams: The policy note went out, as they all do, to all the relevant public procurers. We then ran a number of Q&A sessions. I have a monthly meeting with the commercial leads in each Department. We had a number of those sessions. From memory—I will correct this if I get it wrong—800 or so queries came in about that policy note. To an extent, the risk of running too quickly is very obvious, and I don't think that needed to be pulled out in particular.

There are all sorts of other things that we could have repeated that are in the basic guidance. The reg 32 that you refer to does not supersede any of the other regulations; it is an intrinsic part of it. I don't think anyone was under any misapprehension that this superseded their other responsibilities.

In terms of the quantum, the largest month was April, then May with, I think, just over 132 contracts going through. That declined and then popped up a little at the beginning of September when the second wave happened. From memory and as far as I am aware, we saw eight in November. We put in place that monitoring some time ago. It has come down dramatically.

The thing to focus on here is not so much the urgency—we are still in a crisis situation—but the second part of the equation: the unforeseeability. That is why we have put out a series of reminder notes through the year— the last one was in October, I think—reminding public procurers that they need to demonstrate both emergency and unforeseeability, That is challengeable by vendors who feel that they have lost out, or indeed by other organisations.

Q163 **Shaun Bailey:** While that it is interesting to know, my question was quite specifically about how the Cabinet Office was scoping its definition. I understand what you said about the queries you have had and how you have communicated with vendors, but I am asking what would happen if I were to come to you as a junior civil servant asking, "How are we looking at this? What are our definitions in terms of reasonability?" There is a specific question there: why were the risks not set out? I am curious. If there is no specific answer, that is okay, but there are two specific questions that I was trying to push on, notwithstanding the answer you just gave.

Gareth Rhys Williams: It is for each contracting authority to define for itself and justify for itself whether it is sitting in an emergency.

Q164 **Chair:** But as the head of the profession, you set out the guidelines and how to scope that.

Gareth Rhys Williams: Yes, but the procurement responsibility is for each contracting authority to determine for itself whether it has justifiable grounds to act in an emergency. We could not have a situation in which all those decisions got referred up to the Cabinet Office and back down again.

In terms of how we go forward and what defines an emergency, hopefully in the next few days, you will see the Green Paper we have been working on for years. The question touches on an issue in that, under the procurement regs as they stand, you are either in full, normal *OJEU*, or in an emergency. That is an unfortunate cliff edge that we really do not need.

You will see in lots of procurements that, although they have been done under regulation 32, we have tried where we can to induce small competitions from a limited number of vendors, to get around the fact that the minimum required time under normal regulations is 25 days, which is completely inappropriate in the situation we found ourselves in. We are

likely to come out with a halfway house that allows us to run limited competitions where we can, and thus reserve the existing regulation not only for those things that are emergency and unforeseeable, but where we do not even have two or three days to react.

Q165 **Shaun Bailey:** Just going a bit further in terms of the robustness of the emergency procurement regime, given that £18 billion-worth of contracts have been concluded using this, are you confident that the current regime is robust enough to manage? What modelling, if any, has been done of the volume of contracts that could be done under that regime and that it could stand up under? If that modelling has been done, has that volume been exceeded? I am curious about how you think it has worked.

Gareth Rhys Williams: We have not modelled that in the way you describe. Unfortunately the large part of the procurement done under regulation 32 was in DHSC, and the largest fraction of that was related to PPE. The snag with the PPE market we saw reflects our earlier discussion about panic—I would have said it was more ordered urgency. We saw two or three things come together at once: there was huge international growth in demand within a relatively short period—weeks—at the same time as a number of a our existing suppliers were unable to supply from China, which had its own Covid issues to deal with, and at the same time as a number of countries closed their borders to exports. That generated the heat of the market.

The situation we were dealing with in the PPE market—we will come on to how we dealt with it in a minute—was that even a two or three-day process would not have worked, because we had companies and intermediaries calling us saying, "Do you want this volume or not?" We forced the financial due diligence and product due diligence that Mr Marron has touched on; those were the key parts of the process. That left us with a matter of hours or, if we were lucky, a day to decide whether to take the order or not. It was much more of a hue and cry type of marketplace—a real marketplace. A structured, formal competition that took more than a day would have meant we missed the product.

Yes, we were taking risks, and we can talk about how many of those risks eventuated and caused damage to the taxpayer—fortunately, very few did—but the bigger risk was lack of supply, which we have already touched on.

Q166 **Shaun Bailey:** So if have I understood correctly, at no point in any pandemic planning that was undertaken was any modelling done of how emergency procurement regulations would cope, or of the amount of supply that would be needed and that the regulatory framework would withstand before process issues cropped up. No modelling of that was done at all.

Gareth Rhys Williams: My colleagues have touched on the volumes point. The regulations have stood up remarkably well. We have managed to operate fluidly right across the country under good control, so I think those regulations have stood us in good stead, even though they have been on

the regulatory book for years. Enacting them has worked well, but what we have learned from the pandemic is the nature of the need to do very fast procurement as well as—it is a slightly different dimension— emergency procurement. I think what we are likely to propose in the Green Paper covers that gap.

Q167 **Shaun Bailey:** In the deep-dive sessions we conducted with the Minister of State and other officials, the NAO notes that when it came to reviewing contracts 187 conditions were attached to approvals and followed up. Were rates of compliance with those conditions monitored? If so, what was the compliance rate? I know they were followed up, but was that compliance monitoring?

Gareth Rhys Williams: You touched on the normal controls process within the Cabinet Office. Normally, procurements worth more than £10 million—slightly higher for some parts of Government—come into the Cabinet Office and are interrogated by my central controls team. A case is written, which is reviewed by the permanent secretary, Mr Chisholm, and Lord Agnew; I sit on that committee as well. That process takes a few days. For exactly the reasons we discussed just now, and because I had a lot of my senior team already working in the PPE team, which David Williams touched on, we waived that for PPE procurement. The conditions you are talking about relate to non-PPE procurement right across the rest of Government.

It is absolutely normal that we keep a register of the conditions that are applied by the Minister, myself or Mr Chisholm, and we follow up on that. I can write to you giving the details of where we are. Some of those conditions are immediate; sometimes, on an outline business case, for example, we will write a condition that says, "When the full business case comes to us, we expect you to have solved X, Y or Z." Those are not in any sense overdue, but I could write to you, Chair, if you like, with the present status of that log. We track that by Department, and they get escalated if they become overdue.

Alex Chisholm: May I add a couple of comments? One of the most common conditions attached is, where there has not been a full competitive tender exercise, to say that next time, after the short, expedient process has been followed, a full competitive tender exercise should be conducted. That recognises the fact that not doing so brings with it some risks. To be clear, those conditions were not attached to the PPE process because that was outside the ordinary Cabinet Office controls process. There was a specific clearance process for PPE that applied at a lower level—£5 million. It was operated jointly between the Department of Health, with support from the Cabinet Office, and was part of a rigorous clearance process because it was recognised that, in a direct award situation, which applied to over half the total amount procured, there were some risks about quality and price. That is why the method of using socalled PPE pricing benchmarks was applied to make sure that the prices were reasonable and that a very close inspection of quality and due diligence tests were conducted.

I understand where you're coming from with your question. It was explicitly recognised that using this mechanism brought with it some extra risks and those mitigations were put in place to manage the risk appropriately.

Q168 **Shaun Bailey:** If we could just turn now to the eight-stage process that Mr Marron started to point out. When looking at whether the source was credible, one of the things that came out was considering whether the intermediary could produce credible-looking documentation. I am curious to know what the definition of "credible-looking" documentation is.

Chair: No one wants to take that. Mr Rhys Williams is stepping up.

Gareth Rhys Williams: To step back, each vendor would put in a submission. Sometimes those submissions would run to just one product that they were offering us, and sometimes they would cover multiple products. Each of those products has a quality spec set by PHE that they need to demonstrate compliance with. Additionally for some, they needed to come from a regulated facility that also had certain quality standards that it needed to meet. The first stage was to ask for copies of those standards and to ensure as much we could remotely that they had been issued by a legitimate authority and were not copies of something we had seen the day before that possibly pertained to a different shipment.

Q169 **Shaun Bailey:** How would you check that they were issued by an authority and, as you said, were not ones that had been issued before or copied? What operational process would a team go through to check that that was legitimate?

Gareth Rhys Williams: Mr Marron can jump in on that as well.

Jonathan Marron: First, were the certificates supplied? Then, as Gareth said, did they appear credible? I do not have the detail of how that was judged, but a significant number of offers would fall at that stage because there simply wasn't credible documentation.

We mentioned fraud earlier. We were concerned about fraudulent claims about certificates, and offers were dropped on the basis that we were not confident. The "credible looking" is asking whether the certificates were the right documentation and whether they pass the test of where they come from: do we know the manufacturer and can we link them to that manufacturer? There is a set of links to try to piece together a picture that shows that a certificate is legitimate.

Other companies may have provided testing certificates, which means that the product had not been through certification but it had been tested in an appropriate testing house. That would also be credible documentation. We were looking for whether the supplier could demonstrate that their products met our standards convincingly and compellingly. That was just the first stage.

Once we receipted goods, we checked them again and most of the issues we had with holding goods in quarantine was because, on receipt, we were

still not confident in the certification, so we were holding them to test them ourselves or we continued to have conversations with the manufacturer—or the supplier if it is a third-party wholesaler—about the legitimacy of their certificate.

So that is a complicated piece of work. Again, I think we can come back to you with the details of how that works, but that is my broad overview.

Gareth Rhys Williams: Just to follow up on that, the quality team was mainly staffed up from an MOD team from DE&S who did an astonishing job on this, given the fact that a lot of the product was remote. I think that really talks to the 0.5% that the Chair alluded to earlier. It is not for me to big up DE&S but that quality team won the Chartered Quality Institute's "team of the year" award. So professionals in the quality inspection industry would say that that was a job well done.

Q170 **Shaun Bailey:** Obviously, it sounds like those teams do a fantastic job. The nub of my question was more about there being a degree of uniformity and whether it was not just a case of people having to make judgment calls piece by piece.

To turn more widely to company due diligence, I am curious to understand the closing of these contracts. We have seen reports in the press today that a £122 million contract had been awarded for PPE to a company six weeks after it had been incorporated. How was company due diligence being done, bearing in mind that it is a 10-minute job to go on to Companies House? I am curious to understand how this featured in the process and whether this was happening—unless I have misread my notes—at the closures side. If so, why was it happening there? How were the Government making sure they were undertaking proper company due diligence when negotiating—*[Interruption.]*

Chair: There is some interference online. Can I ask Members to mute themselves, please? Sorry, Mr Bailey, who was the question to?

Shaun Bailey: It was to Mr Rhys Williams.

Gareth Rhys Williams: As you allude to, there are a number of databases that we can look companies up on to assess whether a company is fit for purpose and whether it has got sufficient trading history. Some of them, obviously, were very recent set-ups. I think I have alluded to the nature of the market before. We were buying through a lot of intermediaries who had set themselves up. They had contacts in China—or they had contacts who had contacts in China—when we needed to get at the underlying manufacturer.

Previously, as the NAO Report says, we had been buying through a limited number of UK distributors. That is fine in peacetime, as David referred to it, but those sources rapidly ran out of supplies, so we needed to jump over the distributors and get closer to the individual manufacturers. So a number of the intermediaries we were dealing with had been set up fairly recently,

or we had not traded with them before. That was reflected in the risk rating that came out of the financial due diligence. A lot of people failed financial due diligence completely, but for others where perhaps they got an amber flag, we changed the terms on which we were supplied by them to cash on delivery, whereas in this market a lot of the middlemen were asking for cash up front in whole or in part. Obviously, the financial due diligence exercise informed how we would pay for these. Jonathan may want to come in on the order that the question is about, but I am pretty sure that that was cash on delivery.

Jonathan Marron: It was indeed a cash-on-delivery order. The other thing I would add is, the other piece of evidence we would take into account, even for companies that had been incorporated relatively recently, was whether they had a delivery track record. We had some firms—one springs to mind that was referred from NHS Wales that had successfully delivered for them, so that gave us more confidence this was likely to happen, and there was a firm that had worked with the Royal Mail. So we could take into account the status of the company, any counterparties and their financial standing and, actually, whether there was a track record of delivery that gave us more confidence. As Gareth said, in those where we felt we were taking more risk, we changed our terms to cash on delivery, which gave us some protection. The particular contract in today's newspaper reports was a cash-on-delivery contract.

Q171 **Shaun Bailey:** One last question. I understand that, but can you explain how that ties in with the fact that there were retrospective due diligences going on as well?

My concern is that it seems a bit like we are handing over this stuff and then going back afterwards and thinking, "Okay, they are fine." I know you picked up on the point that we look at the financial credibility of these companies. However, I question—to give one example—when a company has been set up six weeks ago, irrespective of the links they have got there, how that fits in with your modelling. Perhaps you could explain how that retrospective due diligence operated and how it aligns with the point of view of doing things safely. Again, I do not mind who answers that.

Jonathan Marron: In the early days, before our full process was set up, the NAO identified some 71 contracts for which we did not fully complete the due diligence before award. Of those 71, three we later cancelled, 67 delivered in full and one is still ongoing, so despite the fact that we perhaps took slightly more risk on those, they have generally come through, and we have been able to cancel those that would not happen. In some ways, our risk appetite has been judged to have been acceptable, but we worked really hard to put the eight-step process in place and to make sure that we took everybody through as effective a due diligence process as we could, given the very difficult marketplace that we found ourselves in.

Chair: We will leave it there for now, Mr Bailey. I now turn to Sarah Olney MP.

Q172 **Sarah Olney:** I just want to pick up on the company that Shaun Bailey was asking you about. My understanding is that the £122 million of gowns that they had delivered are all still in warehouses in Daventry because the CE mark on them has not been properly awarded by the right authority. Can you comment on that?

Jonathan Marron: Our quality checks are ongoing with that particular order. We are still working with the firm to provide sufficient documentation for us to be confident that the gowns meet the specifications that we require. That process is ongoing and is not yet finished. I do not think I would like to comment further than that. We are working on verifying the standards that the goods were made to.

Q173 **Sarah Olney:** So you have paid for them, even though you are not yet sure whether they are of the appropriate quality.

Jonathan Marron: There are clauses in our contracts that allow us to reclaim and seek redress from the contract holder when the material delivered is not to quality. In this market, we paid up front, or partially up front, for many orders. That was required in order to secure them. For this one, I am not quite sure what the up-front payment was, but I will happily check how much we have paid against this contract.

Q174 **Sarah Olney:** But you think it will be reclaimable if the gowns turn out not to be up to scratch?

Jonathan Marron: I think that is speculating further than I would like to go at this stage. We are still in discussion about whether the gowns are up to scratch. Hopefully we can demonstrate that they meet the requirements that they were bought to.

Q175 **Chair:** What is the consequence for that business—or any business—if they provide you with substandard items?

Jonathan Marron: We are seeking redress where we have had contracts that have been delivered to substandard—

Q176 **Chair:** But if any of these are dodgy companies, you will not get the money back, will you? If they are phoenix companies and they just go under after they have provided you with the kit, with some of the cash, even if it is not all of it—it is part payment up front—that is taxpayers' money gone, isn't it?

Jonathan Marron: It goes back to the very difficult market we found ourselves in. As David said, our risk appetite was—

Q177 **Chair:** We appreciate that, but let's call a spade a spade. It could happen. Some of these companies are so unchecked, because of the speed at which you were working, that the due diligence that Mr Shaun Bailey talked about could not be or was not done, so some of these companies might not be here long enough to get the money back from.

Jonathan Marron: That could happen.

Q178 **Chair:** It would be very helpful if you could keep track of that and write to the Committee—I am sure the National Audit Office will look at it as well—with information about any contracts that are effectively written off. ***Jonathan Marron:*** I am happy to do that.

Q179 **Sarah Olney:** My next question is to David Williams about the high priority lane that the NAO identified in its Report. There was a specific channel for various people—high priority people, I suppose—to introduce potential sources of PPE. Can you tell me exactly who that high priority lane was set up for?

David Williams: Yes. As I said earlier, after we had our call to arms on PPE supply, we had a very large volume of offers—over 15,000 in total. The purpose of this high priority list—I prefer the description of "list" rather than "lane"—was to start off a first degree of triage, if you like. Some of those 15,000 offers that had a degree more credibility would get put into the system, but they would then run through the same eightstage process, which we have been talking about, as all the other cases. It was partly about an initial triaging of offers that had some degree of credibility.

Q180 **Sarah Olney:** Sorry to interrupt, but can I ask who you invited to use that particular list, if that is the term you prefer? Who was using that channel? Who was it made available to?

David Williams: The referrals in came from a range of people: Government officials, NHS officials and Members of both Houses of Parliament, either directly or via ministerial private offices. As I was coming on to say in my previous answer, although the intent was around a degree of credibility, in practice towards the end it was a convenient way to make sure, where lots of offers were coming into the Department, that they were getting picked up in a way that we could then explain back to MPs or others that they were being looked at.

Q181 **Sarah Olney:** I understand that. Do you know if the BMA were on that list?

David Williams: Were the BMA on that list? I don't know, off the top of my head. I can check that.

Sarah Olney: We asked them on Thursday, and they said that they were not, but the Secretary of State previously—in answer, I believe, to an oral question from Dawn Butler MP—has said that they were. It seems to me that the BMA are dealing with suppliers of PPE all the time, and they know who the good suppliers are and the people who are likely to have capacity. The BMA would have been useful people to have on that list.

David Williams: Let me check.

Chair: Just to be clear, I think the Secretary of State said that the BMA were "brilliant" and "we worked with them", so it was implicit, not explicit, about whether they were actually on the list. We heard last week that they weren't. But, as Ms Olney is saying, it seems as though they would have

been an obvious body to have had on the VIP list, channel or whatever you want to call it, Mr Williams.

Q182 **Sarah Olney:** I think the question posed by the NAO Report is this. The people who were on the list included people like me, and I am fairly certain that I must have used it on a couple of occasions when things were emailed to me. I, obviously, have no experience personally with PPE procurement, and I have no expertise in this area. If I had received an email in my inbox I would probably have just forwarded it on unthinkingly—pleased, I might say, to have that channel that I could use, but certainly with no way of assessing the validity of that particular company or their ability to deliver. I had access to that channel, but the BMA, we think, probably did not. I wonder if you could perhaps comment on how it is that referrals that came through that channel had a one in 10 chance of being picked up, whereas referrals through the ordinary channel only had a one in 100 chance.

David Williams: It is not that they had a better prospect of success per se, although it does suggest that some of the offers coming through the high priority list had a degree more credibility to them, rather than that it was simply a convenient mailbox. As I said, all the offers were examined. All the offers went through the same eight-stage process. Notwithstanding the difference that you highlight in success rates, even on the high priority list 90% were not taken forward. Of those that we did take forward, on the whole we have had a pretty good delivery rate against them. I think Mr Rhys Williams may want to come in.

Gareth Rhys Williams: I think the term "picked up" is wrong, which is why I think David is right to talk about a list rather than a lane. There is no sense in which people on that list got moved faster or were in an overtaking lane or were able to avoid any of the eight stages.

I touched on it when you asked your first question, Chair, but we actually ordered 6.6 billion through the non-priority list and 1.7 billion through the priority list. So four times more, and twice as many vendors, through the non-high priority list as through the high priority list. It is not a question of you had to get on that list or you were not looked at or were not picked up—to use your phraseology. Everyone was examined. We were desperate for product. It was not a question of ignoring people who were not on that list at all.

Q183 **Sarah Olney:** What was the purpose of having the fast lane list, which I accept was not necessarily a fast lane?

Gareth Rhys Williams: It was twofold. Mostly it was to try to prioritise and make sure that we were handling the ones that we thought were most credible. The last thing we wanted was for those orders or those offers to disappear to another country. We had—

Q184 **Sarah Olney:** But it was not made available to everybody who might have had decent contacts with PPE suppliers. As far as we know, it was not available to the BMA.

Gareth Rhys Williams: That I cannot talk of, but as officials were looking through the list, we were also trying to pull out those that we thought were likely to yield results fastest. The fact is, it worked. Your 10% point versus the 1% point is well made. That shows that this sifting—it was not an exclusive sift—did work, and it did help us to get orders placed—

Q185 **Sarah Olney:** Do you know who decided who to make the list available to? Who made the decision about who would get access to the high priority list?

Chair: Or who set it up?

Gareth Rhys Williams: It was set up at the Department's request but operated primarily by Cabinet Office staff.

Q186 **Sarah Olney:** Perhaps Mr Chisholm can answer the question then. Who decided who to make the high priority list available to? Who granted access to it?

Alex Chisholm: As you have heard, it was formed in response to the fact there were thousands of requests coming in, and obviously we needed a way of trying to triage those requests. Your description, if I might say, was saying that you received an approach, wanted to know who might be interested in that and forwarded it. That was what was happening at that time.

Looking at the breakdown of the 47 suppliers that actually got contracts, 12 were introduced from MPs, seven from peers and 18 from officials, NHS, SCCL, FCO, DIT and overseas posts saying, "Look, I've found a Chinese supplier who's got some stock. Would you be interested?" Of course, yes; other suppliers as well, in other cases, were five unknown and one an error.

So you can see that what was happening at that time was lots of people rushing forward saying, "Look, I've got an idea of where you might be able to get some supply." Faced with thousands, the most promising ones were looked at. It seems to have been quite successful in trying to put some order on what was initially quite a chaotic process.

Gareth Rhys Williams: The point is that the individual procurements were not made on the basis of which list anyone had come from. The meeting that Mr Marron chaired every night was determining what was bought based on product urgency: "Are we are short of, or do we anticipate being short of, this mask or that gown or this type of eye protection?" Once folks were into that eight-stage process, where they had come from was entirely non-relevant and not part of the assessment at all.

Q187 **Chair:** We are puzzled as to why there was a separate list, if you are saying it made no difference and it was not relevant. It must have got people looked at quicker. You could have been a company that was legitimately able to produce it and desperately trying to get in, but in the queue of

several thousand companies, or you could be in the shorter list. Surely the shorter list was faster and better, if you were a legitimate company.

Gareth Rhys Williams: No, it wasn't faster. I think it certainly got handled better. You will remember, from the point of view of the vendor, for the ones that we thought were most likely to yield results, the last thing we wanted was for them—bear in mind that this was a global competition for product and that the people we were buying from were very well able to hawk this stuff around to multiple Governments. We talked earlier about the degree of gazumping that was going on. I would not typify it in a priority way, but they were better handled, and we made sure that we held their hands through the process.

Q188 **Sarah Olney:** When you say "handled better", what does that mean? Were you nicer to them, or what?

Gareth Rhys Williams: I say this rather against myself, but selling to Government is sometimes not the easiest of processes. We did not want to lose people through our process, though we forced them to go through it. Also, you will recall the "Newsnight" and "News at 10" stories the whole time. My colleagues in DH got it much more intensely than I did. So actually, we went back and said to those who had referred people, "This is in process", or "This person has fallen out because of x, y or z."

Q189 **Sarah Olney:** Do you think there is a possibility that, of two companies, equally suited to supply PPE, go through the procurement process and end up with a contract, if one had come to me and I had forwarded their email, they would have been treated and supported better, and be more likely to get a contract, than a company who had used the channels open to members of the public and submitted their contract that way? They would have been more more likely to get a contract just because they had gone through me. Is that fair? From what you are saying it sounds like that was the case.

Jonathan Marron: The companies that were most likely to get contracts were those that had evidence that they could supply the products we needed in meaningful quantities and could back up where they had evidence that their goods met our quality standards. Those were the ones we pursued most rigorously, and indeed we set up a rapid response team to work through the 16,000 referrals that were outside the high priority lane to make sure we were not leaving behind any credible offers. The fact that, 1% of the overall offers went forward, shows you the range we received and that significant numbers just did not pass our due diligence process. We worked really hard to make sure that credible offers, particularly for a significant volume, were pursued as vigorously as we could.

Chair: Ms Olney, you have frozen. I think she had not quite finished. Did you hear Mr Marron's answer?

Sarah Olney: Sorry about that. I did not get the second half of it.

Q190 **Chair:** Sorry, Mr Marron, this system is clunky sometimes. Could you repeat the second half, or paraphrase it?

Jonathan Marron: Of course, apologies for the IT challenges. I was saying that the key things that got people selected were: firms that offered kit that we were most short of and in substantial quantities—a serious offer that would make a significant difference to the volumes we were bringing in—and could demonstrate that they met the quality standards. If we had those things, we pursued them vigorously. As our process went on, we established a rapid response team to pick out those from the wider 16,000 offers and made sure that we were pushing the most credible ones through. What got firms through our process was having good volumes of high-quality kit that we needed, and we worked really hard to focus on those.

Q191 **Sarah Olney:** I accept that, but I do think it sounds like you are saying that the whole process would have been quicker, and firms more likely to come to your attention, if they had been introduced to you by an MP, rather than if they had done it by themselves through the public channel.

Can I move on, and ask quickly about the NAO's finding that how the introductions were made was not always properly recorded on the team's case management system? Why did that not happen, do you think, Mr Williams?

Chair: Mr Williams or Mr Marron? It is like tennis here in the room.

Sarah Olney: Whoever is best placed to answer.

Chair: Mr Rhys Williams is stepping up first.

Gareth Rhys Williams: There is slight confusion here. The referrals were not recorded in the case management system at all; they were recorded on email. The case management system is one of the enormous success stories of this. Cabinet Office colleagues wrote that case management system over a weekend to handle the 15,000 or so cases. It was fantastic. Without that, we would have been completely stuck. Not only vendors and their submissions but individual products were tracked through the grid— the NAO has seen the grid—with a lot failing as they went through the different tests we have talked about, but that did not have a field for referral; that was collected in email. As I said in my opening remarks, I accepted, in retrospect, that would have been better, but retrospect is a wonderful thing. Of the companies that we have placed orders for, I think we have got all but a short handful of where those referrals came from.

I would say again that the referral point was not a determinant of whether people got business or not. That, as Mr Marron discussed, was much more based around the requirements for individual products.

Q192 **Sarah Olney:** I understand that, but do you not think, for the sake of transparency, that it would be useful to know that a referral had come from an MP or a Member of the House of Lords?

Gareth Rhys Williams: As Mr Williams has run through for us, we do have that information, but it was not complete. So I think we have got a short handful where we do not know where it came from.

Q193 **Sarah Olney:** I have one more question. Figure 8 of the Report shows that June was the month when the largest number of orders was placed.

I was a little surprised to see that, because everything you have said to us and everything we heard from our witnesses on Thursday suggests that the biggest demand was in March and April and that that is when supplies were really critical. That is when I would have expected to see large volumes of orders, but the largest volume was in June. We know that cases peaked in April and were starting to fall by May, so I am wondering what happened in June that made you place orders for so much more PPE than you had in the previous three months.

David Williams: Let me start, and then Mr Marron may want to come in. Having just about got through the particular pinch points in March and April that we have already talked about, our plan then was really to ensure that we did not face a similar situation in a potential second wave or over winter and specifically looking to build up about four months-worth of modelled usage across all the lines of PPE. So although we were placing orders in June, a number of them came with phased deliveries over a period of several months through the winter—some into the new year. So it was not simply orders around wave one of the pandemic but making sure that we were in good order for any future requirements as the disease ran its course.

Q194 **Sarah Olney:** Assuming that the volume PPE you order roughly tracks the number of cases you are expecting, what was the modelling in June? To what extent by June were you expecting a second wave that would be larger than the first?

Jonathan Marron: The modelling has two components. Obviously it is the number of cases, but also, while we continue to face community transmission, we are actually using PPE for treating people who do not have Covid just to minimise risk for health and social care workers. So we were expecting two things. One was ongoing Covid cases. Yes, they peaked, but we worked on a reasonable worst-case scenario of a reemergence of the disease in the autumn and winter—which of course we have seen. We were also working on the NHS reopening. So over this period we started to see significant reopening of the NHS and we needed to make sure we had PPE for health workers who were not working directly on Covid, but our guidance at the time was that they should also use PPE.

Those were the two modelling points. David's point also felt very real to us.

We did not want to enter this winter in the same position as we had been in in March and April, so we worked on securing a significant stockpile. That was a very different decision from a theoretical pandemic risk—we were coming out of wave one, expecting to go into wave two. It felt totally appropriate that we were building significant stocks to make sure that we

would not again have the challenges that you heard about in March and April this winter.

We have done that, and we are in a position to provide social care with far more, as I mentioned earlier. Our PPE portal can now meet the needs of care homes and domiciliary care agencies. We can provide to primary care, which I think Dr Nagpaul talked about last week as well; the portal is now able to do that. New-use cases have come through as well. If you think about the vaccination programme, people doing the vaccines need PPE, and mass testing will need PPE. In getting ahead by more, we have been able to take forward those use cases, putting ourselves in a strong position to provide a wide range of PPE over this winter.

Q195 **Sarah Olney:** How well has your forecast predicted demand in the six months since?

Jonathan Marron: Our model, we would recognise, was always a cautious one, both in the reasonable worst case for the number of cases, and in our expectation for the uptake of PPE. Our model predicts a higher use than we have seen.

Q196 **Sarah Olney:** To what extent? Can you give me a percentage on that? By what percentage do you think you over-ordered in June?

Jonathan Marron: I am not clear that we have over-ordered at all. We have stock available for an ongoing Covid crisis. I think we will see significant use into next year. The challenge in working out exactly what is required is that we do not have full information on the provision of PPE outside our own channel. We know that social care was buying from elsewhere, and we know that there was local procurement in the NHS. Reconciling that back, and looking at the actual usage over the past six months, is hard for us to do. As we become more confident about supplying the full demand, we will have a much more confident view of what usage is. That is maturing; I feel more confident about the NHS, because we have better data, and as we are now supplying to social care, over the coming months we will have a much better view of the real demand for PPE, as opposed to what we have supplied.

Gareth Rhys Williams: The modelling is Mr Marron's area, but I know that the assumptions we were buying on were that 20% of the stuff would not show up, and that of what did show up, 20% would be bad. We talked earlier about the relatively few orders that have not showed up and the 0.5% that turned out to be bad, and that puts quite a lot of things into context.

Jonathan Marron: Things have shown up later than expected, rather than not showing up.

Q197 **Chair:** We know that some things you ordered have not even arrived in the country yet.

Jonathan Marron: Some of those things are orders that are for further delivery. The last thing to say on June is that quite a lot of the UK make

contracts went through in June. The other thing that we are doing here is building our resilience. As David and Gareth said earlier—

Chair: We will come to some of that in a moment. I will move to Olivia Blake, MP.

Q198 **Olivia Blake:** These questions are to Mr Chisholm and Mr Williams. Lots of people will want to know what happened with the conflict-of-interest procedures in this period. What were the limitations of the emergency processes on conflicts of interest?

Alex Chisholm: I do not think that the emergency procedures removed the responsibility to manage conflicts of interest. That is something we have continued to do throughout the whole process. It certainly puts pressure on the timescales available, because obviously it is an emergency, but it does not remove the need to manage them.

David Williams: I agree with that. I am not sure I have anything to add.

Q199 **Olivia Blake:** What work has been done to identify and manage any potential conflicts of interest better through this process?

Alex Chisholm: First, the NAO took a good look at the management of conflicts of interest, particularly ones that had attracted critical commentary in the media and from parliamentarians. The Report states: "We found that the ministers had properly declared their interests, and we found no evidence of their involvement in procurement decisions or contract management." It is important that people appreciate that, because a certain number of questions have been asked, and that is an important finding by the NAO.

In terms of how we manage those conflicts of interest, there is a ministerial code of conduct, and there is one for the civil service and one for special advisers, which all require proper management of conflicts of interest. It is also a requirement of the Public Contracts Regulations 2015; regulation 24 prescribes how conflicts of interest should be managed. You heard earlier about the guidance notes that come out from the Cabinet Office commercial team. One of those, issued in 2019, specifically addressed the issue of managing conflicts of interest in relation to procurement.

Q200 **Olivia Blake:** Obviously, this involved a lot of cross-Government working. What have you learned about managing conflicts of interest when working across Government?

Alex Chisholm: In relation to both the NAO Report, which is very helpful on this matter, and the work that was done for us by Nigel Boardman in his review, what they have alighted on is that although they can see that we were managing conflicts of interest, the evidence of how that was done—the documentation of that—was not always as clear as it could be. Plus you have a situation now where Ministers, including in the Cabinet Office, have cross-cutting responsibilities, and that can cause people to think that they might have had some responsibility for a particular contract, which, as a

matter of fact, they did not, because we would have actively managed that potential conflict and kept them away from that contract.

Nevertheless, part of this is about maintaining public trust, a point very well made in the NAO Report. Being able to show how overtly we have managed those conflicts, and maintaining a database of those types of interests that is easily searchable across Government, are two very sensible proposals in the two independent assessments that we are keen, and have agreed, to adopt.

Q201 **Olivia Blake:** Thank you for sending through the copy of the Boardman report. How quickly will the report's recommendations be implemented?

Chair: Earlier, you said six months.

Alex Chisholm: Six months is the back marker. Where things in the report can be implemented immediately, we have already begun to do so. Others, including the establishment of a new database or reforms to the law, will obviously take longer.

Q202 **Chair:** Can I chip in? Managing conflicts is something that the civil service is usually very good at. Certainly, in Ministers' offices there is a whole regime, and when a Minister comes in with senior civil servants, there is a regime. There are regimes when people leave, which we could touch on, but I will not go into that pain today—that does not always work so well. Why was there this complete blind spot about keeping proper records and managing the conflicts across Whitehall? That sits squarely with the Cabinet Office, Mr Chisholm. Why was that missed?

Alex Chisholm: I do not accept that there was a blind spot. Most of the procurement that we are talking about was done through DHSC, with around 8,000 contracts placed. As documented in the NAO Report, they all require that every new supplier fills out a new supplier form, which enables DHSC to manage conflicts. That is true for the Cabinet Office in our management of our own contracts. So you are right: those are wellestablished procedures and are not something new or different.

The only possible issues here are, first, the enormous scale of change in contracts, bearing in mind that in the whole of the previous year, the Department for Health would have placed around 170 contracts. Moving from 170 contracts to 8,000 is obviously a very big change in scale, plus that was done at tremendous pace, because, as you have heard, there was pressure to get PPE supplies in, and out there.

Plus there is the aspect of lots of people making recommendations, as you have heard. With 20,000 people approaching Government saying, "I can help you with your procurement needs for PPE," being able to establish all those links and contacts and reviewing them in near-real time was a challenge for the system. I think the fundamental principles still apply, as the Chair has rightly recognised; it is managed by the civil service in general, and very specifically provided for under the procurement regulations.

Q203 **Olivia Blake:** Thank you for that answer, but there is concern about the fact that not all associated parties seem to have been monitored in this process. Do you think that you have what you need to be able to implement a more robust process, and to further strengthen it?

Alex Chisholm: Yes. Again, I thank the NAO and the Boardman review for providing those excellent recommendations, which we absolutely will implement. That is of benefit not only to the Cabinet Office, but across the whole of Government, as I said before.

Q204 **Olivia Blake:** One thing that is of concern is why lessons were not learned more quickly. Obviously, this procurement has been drawn out over a number of months. Why haven't lessons learned been implemented more quickly, particularly around the recording and documentation of conflicts of interest, and the broader point around documentation?

Alex Chisholm: I will start, and colleagues might want to add. First of all, the crucial lessons about how to procure, how to get hold of the PPE, who are the best suppliers and the whole process for managing that were learned very quickly in an accelerated process at the end of March and the beginning of April. As you say, and as was recognised by Gareth Rhys Williams at the outset, we could have been collectively faster in Government to honour in full our transparency requirements. We obviously had a backlog in publishing those contracts. At the time that the NAO did its field research, only about a half had been published. I think that is now up to nearly 100%, but clearly there was a backlog in publishing that was not prioritised as much as the actual procurement. That was an issue where we clearly needed to learn a lesson.

In terms of documenting the reasons why particular contracts were placed, the case management system and database records all the reasons for rejection, which is important and valuable, and I think the NAO had the opportunity to inspect that, but the recording of all the management of conflicts of interest was not so complete, partly because, as the Chair rightly mentioned, often that is done by a private office, and they say, "Right, I will make sure that this particular Minister, because they have a declared interest, should have not involvement in that." That is the correct handling of the matter, but it is rather harder to prove, because in a way you are proving a negative—that no conflict was allowed to enter into the procurement decision.

Q205 **Chair:** There is quite clearly documentation on that, because a Minister declares it, and then they will enter into office. In my experience, the private office is very good at keeping records for ever and ever.

Gareth Rhys Williams: It is important to understand, as you picked up from the previous discussion, that in the case of PPE, which vendors progressed through the grid was an entirely official-driven process. The panel that Mr Marron chaired every night before placing orders was an official-driven process. Maybe there is a misconception that Ministers are more closely involved in the proposals. Large proposals need to go to

Ministers. At that stage, the Minister can reject the process. The Minister cannot insert things into the process and propose things for themselves to sign off without their having come through the official channel. Perhaps that has got lost in the discussion, but none the less I think we would all accept what the NAO has said, particularly about those Ministers who nowadays have pan-Government responsibilities.

David Williams: If it helps—this is an illustration—PPE purchases and orders up to £100 million would have been handled entirely by officials and signed off by the accounting officer. For NHS testing, it is up to £150 million.

Q206 **Chair:** And we know that those limits increased. Mr Rhys Williams, you talked about Ministers not being involved, but we have had Ministers say on the Floor in the other place that it was quite normal to turn to their networks. There were names being put forward through that route, whatever happened to them, and there was a special list, so there was some involvement by Ministers. I am not suggesting, and the NAO has not found, that any Minister directly tried to award themselves a contract, but paperwork was not kept, and this networks thing has been raised. What have you got to say about that?

Gareth Rhys Williams: They may have been proposed, but they went into the same eight-stage process. That was an official-driven process. Ministers weren't involved in that eight-stage process.

Q207 **Olivia Blake:** I am just trying to understand whether the concept of favourable recommendations was taken on board by both Departments, and whether you feel that the use of unpaid advisers could risk that favourable recommendation taking place and skewing any of your processes. Have Departments been transparent enough in how these things have been managed? There is clearly a difference between what we have heard on the Floor of the House, as the Chair said, and what we are hearing today.

Alex Chisholm: In terms of contracts that were not paid for, or were free or discounted, it is first worth saying that, in response to the Prime Minister's call for help on these issues, huge numbers of people—20,000— came forward with offers. In many cases, firms were offering favourable rates or discounts, and some people said, "Look, can I help for free?" A lot of people did so and have worked since the beginning of the crisis for no remuneration at all. That is not surprising. It is great in a national crisis that people come forward in that way.

Nigel Boardman's report was right to warn us to be cautious that, in some situations, having, so to speak, established a relationship of trust, that could turn into a future paying one. That might be something about which people might say, "Gosh, I didn't have the same opportunity that other people had." Obviously, it is a small number of cases in which that has actually occurred, because in many cases the provision of advice has remained free the whole way through, but I think Nigel Boardman is right to warn about the possibility of bias, or at least the perception of bias, coming in. In a way,

his advice is to hold those offers of free service to the same standards as those you would pay for.

Q208 **Olivia Blake:** What do you feel was the accountability of that unpaid help? What accountability do you think those people have in the process?

Alex Chisholm: It would depend on who you are talking about. In some cases, those were prime ministerial appointments. That obviously played an important part in this process. Lord Deighton, for example, helped initially with the Make process.

Q209 **Chair:** To answer Ms Blake's question, what is the accountability? Can a prime ministerial appointment instruct civil servants?

Alex Chisholm: It would depend where the volunteers came from.

Q210 **Olivia Blake:** So were unpaid officials able to direct the civil service in this?

Alex Chisholm: Special advisers, for example, are not allowed to direct officials.

Q211 **Chair:** That is special advisers, but these ministerial appointments are not necessarily special advisers.

Alex Chisholm: I am not able to answer in relation to Lord Deighton, because I haven't had any interactions with him. Maybe colleagues might be able to.

Jonathan Marron: I worked closely with Lord Deighton. Emily Lawson and I ran the joint Department of Health and Social Care/NHS England cell. The Cabinet Office team reported into us. The executive functions were carried out by me and Emily. Lord Deighton had an incredibly helpful advisory role. He chaired our oversight board to bring challenge and helped us secure access to some specialist skills. He gave some drive to the UK Make process overall, and then he really helped us make sure our plans for the procurement of PPE and the development of the supply chain were robust. He took an advisory role, rather than an executive one, so I don't think there is any sense of him giving orders to the civil service.

Olivia Blake: So non-executive roles.

Q212 **Chair:** So they didn't give orders to civil servants, but what if they gave wrong advice, or had to be accountable for some decision? Who is accountable? Are they accountable? We have heard Ministers say, "Well, they are not paid, so it is not fair to attack people," but if people have taken responsibility, they have taken responsibility, and they have to be held to account for it.

David Williams: The accountability to Parliament sits with our Ministers. The accountability for the money spent on these programmes sits with the accounting officer. For a lot of the contracts we have been talking about, that is me. Although people are in an advisory role or chairing an oversight

group, the formal decision making based on that advice would flow through normal accountability arrangements.

Of our singleton unpaid advisers, I can't think of any who were remotely close to directing civil servants. They were mainly—

Q213 **Chair:** Spending money?

David Williams: Not spending money, no. Where they would have engaged in support on individual contracts, it was largely around getting a better deal, but it would be formally progressed by our commercial staff and formally subject to my approval as accounting officer. There would be no executive decision making in that space.

We are coming to a hearing next month on NHS Test and Trace. Even if we look at Baroness Harding, who is at the more executive end of the prime ministerial appointments, the formal accounting officer responsibilities remain within the Department. The formal data flow issues sit with me as the SIRO for the Department and Ministers remain accountable to the House in the usual way.

Q214 **Olivia Blake:** Clearly, there is a lot of influence in these roles. Do you feel that an accounting officer may have been put under pressure in these processes and do you think that there could be a clearer definition of these roles going forward, so that accountability lines are very clear and transparent?

David Williams: Well, I didn't feel under pressure as accounting officer for the spend—not as a result of the roles of these unpaid advisers. As the Comptroller and Auditor General set out in his report on Test and Trace, the precise governance arrangements there were unusual—I think that was the word—but I have been satisfied as accounting officer that where I have had concerns, they could be raised and listened to, and that I have not been under undue pressure. Where an accounting officer believes that something is not appropriate, we have recourse to a ministerial direction, if that is judged necessary.

Chair: I am sure we will be picking up on some of those issues when we look at the individual project areas in the new year.

Q215 **Dame Cheryl Gillan:** Mr Chisholm, you seem to be spending rather a lot of time in this Committee; thank you for the answers you have given so far. For more than 35 years, I was married to a senior civil servant who prided himself on his record keeping. He used to think it was absolutely essential for the public and the taxpayer to have confidence in Government decisions. Yet the NAO Report, as you will appreciate, says that, "Of the 1,644 contracts awarded across government up to the end of July 2020 with a contract value above £25,000, 55% had not had their details published by 10 November", but interestingly enough, "For contracts requiring contract award notices to be published to the Official Journal of the European Union…89% of 871 contracts" had been published.

What went wrong with the civil service record keeping?

Alex Chisholm: I think those are Department of Health contracts and I think they have now been published to a large extent. What is the latest figure now?

Jonathan Marron: We have published all of the contracts related to PPE.

Q216 **Dame Cheryl Gillan:** So we won't find any gaps or holes if we go looking for these contracts.

I presume the Green Paper that you referred to earlier in the session is going to address the issues and the failings of the civil service in this area. Am I correct in that? I think you said earlier on in this session—it seems a long time ago, I know—that you are publishing a Green Paper.

Alex Chisholm: Yes, that is true. I think it will enhance transparency, particularly in direct award situations. At the moment, under European rules, it is voluntary to publish information, and we are proposing to make that mandatory, so that is an enhanced transparency requirement. On what you are really referring to, under the weight of this enormous amount of procurement, it took some time to actually publish the contracts, which have now been published, so it was a catch-up. It is obviously a judgment for the Committee, but in the context of what has happened in the last seven and a half months, the focus of the Department of Health was clearly on the procurement itself and it took them a while to catch up with the publications for that, but they have now done so, and I am pleased that that has happened.

Q217 **Dame Cheryl Gillan:** I am, too. I do not under-appreciate the difficulties and constraints you were working under, but when you bring in unpaid advisors and move officials around from Department to Department to deal with an emergency, why wasn't it thought a priority to safeguard the valuable funds of taxpayers in an open-ended emergency by keeping the vital records of those contracts?

Alex Chisholm: I think the records were kept, and a lot of attention was given to safeguarding public money in that process, particularly through the eight-step process that we have heard about and also the use of the pricing benchmarks, which played a really vital role. The issue of then publishing those contracts is a transparency requirement, which is partly a matter of maintaining public confidence at what has been happening during that process, and allowing for external scrutiny. As I say, I regret that that took some months to do, but it has now been largely accomplished.

Q218 **Dame Cheryl Gillan:** Were there ever any discussions about not publishing the details of those contracts? We know that many contracts that are commercial in confidence in other areas of government are not published. Did you have that discussion, and was it contemplated that you might not publish the details of those contracts because of the escalating crisis, for example, of PPE?

Alex Chisholm: I am not aware of any discussion about not publishing contracts.

David Williams: No.

Dame Cheryl Gillan: Would anybody else have any knowledge of that?

Gareth Rhys Williams: No.

Jonathan Marron: I have not had any discussions.

Q219 **Chair:** So not publishing contracts just happened by mistake.

David Williams: I think, as Mr Chisholm has said, it was a function of the volume of the contracts that we were dealing with at pace. Mr Rhys Williams spoke earlier about the strength of that commercial function and our ability to surge people into the Department, and that really was an important part of our success, but it has meant that people have been working on different IT systems with slightly different processes, so our tracking down of the documentation subsequently has been more difficult than it might otherwise have been.

Q220 **Dame Cheryl Gillan:** So there was no shortage of staff. It was a conscious decision not to give priority to the full recording of these commercial contracts.

Jonathan Marron: I don't think that is quite correct.

Dame Cheryl Gillan: Well, put me right.

Jonathan Marron: We had large numbers of staff working on securing new contracts. They were focused on that. It is regrettable that we have not published to the times expected. We have worked hard to correct that and we have now published all of our contracts. There was no deliberate decision to try and delay the publication.

Q221 **Dame Cheryl Gillan:** And there was no discussion and no deliberate decision not to publish them because of the commercial implications on price and availability.

Jonathan Marron: No.

Q222 **Dame Cheryl Gillan:** Do you not think there should have been?

Gareth Rhys Williams: If we can unpick this a little bit, the team we surged over were working in the PPE buying cell. All the contracts were placed by DH. The bottleneck that caused the delay in publishing is within DH. It is not fair to say that those 450 people were in a position to publish. On the point that was made by my colleagues about collecting the data, this is a learning going forwards about the number of IT systems that we had to evolve. It does not take very long to get to seven different IT systems, so this is more of a putting the jigsaw back together for the DH colleagues to publish. There certainly was not any intent.

You touched on the pricing point, Dame Cheryl. Prices in this market were moving up and down daily depending on volume, how many middlemen were involved and all sorts of different things as new factories came back on stream and as factories went off stream. I do not think there was any concern that publishing the prices would be to our detriment. Frankly, even if it was, it is regulation—we have to publish. This was purely a workforce and workload issue.

I mentioned earlier that the Green Paper would make life a little easier, but perhaps I did not explain that sufficiently well. At the moment, there are two publishing requirements. There is a publishing requirement to TED, the Tenders Electronic Daily system that the EU runs. That is for contracts over £122,000, broadly speaking. There is a separate requirement to publish to the UK contracts finder database for contracts of either £10,000 or £25,000, depending on who is doing the procuring.

Up until now, we have not had the opportunity to merge those. The European database is not interested in procurements below £122,000, whereas we keenly are. Once the transition period ends, we have the opportunity to merge those two databases. We are planning to stand up the, if you like, UK TED, which has been running in background now for many months. When the link to the European TED is closed down as the transition period ends, that gives us the opportunity to merge these databases, which I think will basically halve the workload for any procuring authority throughout the country. That in itself will make life a lot a lot more simple. That's all I was indicating on that.

Q223 **Dame Cheryl Gillan:** Thank you. That is very helpful. Are we ready to merge those databases? Will we be ready to go on day one, or will it take a period of time?

Gareth Rhys Williams: That slightly depends. There are other items of transparency that we are moving to. You may have seen over the previous month that we have started publishing KPIs for contracts—how contracts have been delivered. So far, we have published north of 300 of what are called our gold contracts—our largest contracts across government. Every week and every month, that number builds.

While we are merging the databases, it also makes sense to think through how we can more efficiently publish those KPIs. There is another dimension. Sorry for getting a little bit nerdy, but you did ask, so excuse me for being fulsome on this. One big thing we have started to do in recent years, on which we took another step last week with what is called the construction playbook, it to make it best practice to publish pipelines. At the moment, we publish tenders for things we want to buy, but that comes with virtually no notice, which makes it harder for new entrants and SMEs to react to requirements for Government procurement. It is much better to publish a pipeline stretching out over several years, because that gives potential vendors the opportunity to say to themselves, "Well, I cannot bid for this thing today, but I could bid for it in a year's time." We want to integrate all

those things at once. That is a long answer to why that is not going to be happening—

Dame Cheryl Gillan: I understand that.

Chair: We are getting into quite a lot of detail about something that might happen in the future. Dame Cheryl, do you want to move us along?

Q224 **Dame Cheryl Gillan:** KPIs are important. Unfortunately, we have some quite large retrospective contracts—for example, the £3.2 million contract awarded to Deloitte on 21 July, which was backdated to 4 March. Is it not an unacceptable risk for large amounts of taxpayers' money if the final contract is unavailable? How are you able to establish the KPIs if you are doing everything retrospectively? Is that not totally unsatisfactory?

Gareth Rhys Williams: I might pass that particular point to my colleagues. However, the publishing is not the same as establishing the KPIs that would have been tracked.

Chair: But it means that it is a mystery to the public—the taxpayer.

Q225 **Dame Cheryl Gillan:** There is no transparency to this.

Gareth Rhys Williams: Indeed, I totally accept that. That one is quite a tangled story.

Q226 **Chair:** We do not need to go through the whole tangled story, or we will be here forever. Mr Marron, is there anything you wish to add that is illuminating?

Jonathan Marron: It was contracted to Deloitte. They helped in the very early stages of the response, setting up the parallel supply chain and the work on UK Make, and they worked very hard with us, so I am confident we got value out of the contract. The process has not required any retrospective approval.

Q227 **Dame Cheryl Gillan:** But it is not the only one. There are others, aren't there?

Jonathan Marron: Yes.

Q228 **Dame Cheryl Gillan:** How many consultancy contracts did you establish there were that were backdated so significantly? Could you let us have a list, maybe, to save time?

Jonathan Marron: We would have to write, yes.

Q229 **Dame Cheryl Gillan:** If you would write to me, that is fine. Thank you very much.

Moving on, the increases I was referring to earlier on were enormous. The NAO noted that the increases ranged from a 166% increase for respirator masks to a 1,310% increase for body bags. If you had paid the same unit prices as you did in 2019, it would have cost the taxpayer £2.5 billion, not £12.5 billion, on PPE during that first wave. Can somebody— probably

David Williams—tell us what you tried to do to avoid paying over those odds?

David Williams: As we have set out in a couple of our answers, we looked at a range of price benchmarking. In a market that is quite volatile, looking at the prices we and others have been paying on a rolling average over the previous 10 days to two weeks gave us a benchmark, against which we could assess the reasonableness or otherwise of the price.

Q230 **Dame Cheryl Gillan:** May I ask, then, whether you have examples of where officials declined to purchase?

David Williams: Based on price? Yes.

Dame Cheryl Gillan: Could you provide us with a list of those? That would be very helpful and will save time.

Chair: There is a little conflab in the room, Dame Cheryl. Which one of you is going to answer that one?

David Williams: Yes, we can. It might be an edited highlights. It would be a long list, is our point.

Chair: Well, we can have a look at that and discuss it with our good colleagues at the National Audit Office.

Dame Cheryl Gillan: Absolutely. Edited highlights may not be good enough; it would be interesting to know—

Chair: We would prefer to have the whole thing, but that is a dispute we are having with another Department at the moment. We will consider that.

Dame Cheryl Gillan: We would also like to know what the designated cut-off points were at any one time. I appreciate it is a dynamic situation, but it would be good to know how you were thinking and how you were reacting.

Chair: Perhaps, Dame Cheryl, I could suggest that one option would be that we come into the Department, into a reading room, and have a look at them in situ. That would be one way.

Dame Cheryl Gillan: That would be fine, except that I am shielding, so I cannot do that.

Chair: Well, there are members of the Committee who may be able to do that on Privy Council terms, or the equivalent. We have done it before. I am not getting a "yes" from the room here.

Q231 **Dame Cheryl Gillan:** I have a couple of other questions. First, what specific controls did your Department agree with the Treasury on the award of PPE contracts, and were those complied with in every case? I

presume you did agree them with the Treasury.

David Williams: This works in a number of ways. We agreed a funding envelope that, as the NAO Report sets out, increased over time: a few hundred million, then £1 billion, then £4 billion, then £7 billion, and now £15 billion. So, we agreed an overall envelope within which procurement would take place, and we then agreed a scheme of delegations: cases over £100 million needed to go to the Treasury for specific approval, and below that, they got assurance from our internal decision-making processes. Then, a bit like the Cabinet Office controls that we have already touched on for individual approvals, which went to the Chief Secretary to the Treasury, there will have been a range of conditions attached on a similar scale to the number from Cabinet Office Ministers.

Q232 **Dame Cheryl Gillan:** I have a couple more questions. There have been some disturbing reports this evening that there is a new strain of virus, which could be contributing to a faster spread in the south-east and more contagion, and it has been announced that London is going into tier 3 on Wednesday. What contingency plans have you for the quality of PPE that you have stockpiled and have available at the moment? Do you have the capability of reviewing the specifications on that, in the light of any scientific advice? What contingencies have you got in case you have to adjust the specifications on the PPE?

Jonathan Marron: On PPE, we aimed to get to November with a stockpile of four months at our modelled rate—we talked earlier about how our model is a little conservative—exactly so that any ongoing spread of the pandemic could be tackled.

If we think about the way that the PPE has worked, for most uses in health and care, gloves, aprons and a fluid-repellent mask are the key items essential to stop the spread. Wherever we have environments with aerosol-generating procedures, we have recommended a much higher spec—the FFP3 masks and the gowns and face masks. I don't think there is any evidence that that guidance is wrong. It is based on our principles of infection control. If further requirements became apparent and were medically advised, I am sure we would be able to use the effective procurement cell that we have in place to place new contracts, if that was necessary. Certainly, we have a much better distribution system in order to get PPE to where it is needed. If there were changes in who required PPE, we are in a much better position today to think about how we would do that than we perhaps were back in March.

Q233 **Dame Cheryl Gillan:** That is right. There are at least two scenarios, but the two main scenarios would be that if this new strain is more contagious, a wider number of people would need higher specifications on the PPE that is provided to them and, secondly, you may have to provide PPE across a wider range of occupations and activities. I just wanted to check that you have the contingency planning in to be able to do that, should that case arise.

Jonathan Marron: Yes. We have good stocks so we would be able to do that. If there were very significant increases in use, obviously we would need to go back to the market and buy more, but we are in a good place that our stockpile that we have assembled would give us time to do that. I am confident that we have a contingency in order to tackle any of those circumstances, if they arrive.

Dame Cheryl Gillan: That is very comforting.

Q234 **Shabana Mahmood:** I want to move on to issues around safety standards and procurement. I am thinking particularly of the PestFix contract—this is specifically to you, Mr Williams.

We know from the NAO Report that PestFix was contracted by the Government to purchase 25 million FFP2 masks and that after about 600,000 of those had been delivered, it was discovered that the standard they were being produced to was not in line with the Government's published PPE specifications at the time the order was made. Whose responsibility was it to make sure that the spec given to the contractor was correct in terms of safety standards?

Jonathan Marron: Can I take that one? The particular question here is about how the face masks are worn. These particular masks have what is called an ear loop, exactly as we are familiar with from our own face coverings—

Q235 **Shabana Mahmood:** Mr Marron, I don't need you to go into the technicalities of the mask. They can't be used for the purpose for which they were procured. Whose job was it to make sure that they could—

Jonathan Marron: At the time we were procuring them, we were concerned about the supply of respirator masks and we were struggling to secure sufficient supplies of the FFP3 masks that the NHS uses. We have heard lots of evidence about the difficulties we faced.

Q236 **Shabana Mahmood:** I just want to know whose job it was. Whose job was it?

Jonathan Marron: We placed the order while discussing with HSE and others whether ear loops would be an appropriate use. Other countries have used them—indeed, they are still used in the US. We changed the standards; they were formally changed a few days after the order was placed, to allow ear loops. We then changed them back later. Essentially, there was a discussion about whether ear loop masks were appropriate.

Q237 **Chair:** So you are saying that, at the time they were ordered, they were acceptable, but you had changed your mind by the time they had arrived.
Jonathan Marron: We were exploring options.

Q238 **Shabana Mahmood:** In the National Audit Office Report on Government procurement, figure 8 says that the masks were "not in line with the government's published PPE specifications at the time of the order."

Jonathan Marron: The formal specifications changed a few days later. They then changed again, I think three or four weeks later. We are now not happy with the agreement.

Q239 **Shabana Mahmood:** At the time that the contract was signed, were they in line with your PPE specifications?

Jonathan Marron: They did not meet the published specifications, but we were in discussion about changing those specifications.

Q240 **Chair:** So you bought them when you were pretty sure that the standards would change.

Jonathan Marron: We bought them largely because we were concerned that we would not have enough masks. They were a purchase in case we ran out of the FFP3 masks.

Q241 **Shabana Mahmood:** This goes to the heart of the matter. Simply purchasing them, if they cannot be used, is no reason to go ahead with the procurement. Just to clarify, you are saying that at the time the order was made, they did not fit the specification. It was after that that the specification was changed, and then there were further changes later.

That contrasts directly with what we are told in the NAO Report, which says that they were not in line with that specification.

Jonathan Marron: The NAO Report is accurate.

Q242 **Shabana Mahmood:** So whose job was it? Whose responsibility was it ultimately to make sure that orders were placed in line with the published specifications at the time that the orders were placed?

Jonathan Marron: This decision was taken in the light of the discussions that we were having about whether ear loops were an appropriate use.

Q243 **Shabana Mahmood:** I understand what you are saying about the discussions. I keep asking a very simple question: whose responsibility was it?

Jonathan Marron: Through the PPE cell, the buying teams looked at the process. The business case would have been put together, and then the order would have been signed off in the usual way.

Q244 **Shabana Mahmood:** Right. Through the cell at any point. There was not any one individual or group of people whose job it was to make sure that the orders and specifications were all in line with each other.

Jonathan Marron: The challenge here is that we were significantly concerned at the time about whether we could secure enough masks at our specification. Given that this specification was used broadly, there is a question about whether this was appropriate. In all other ways, the mask meets all the public standards. It is merely a question of whether the loops are appropriate. On a risk basis, we proceeded with this contract. Like I say, we then agreed that it would be an appropriate mask. The Government

standards were changed a few days after, and that was published online. Following further discussions with the Health and Safety Executive, we have reverted to the original position—that ear loops are not effective—and we have not used them. The masks have been held back.

Q245 **Shabana Mahmood:** Did officials at DHSC, or anyone else involved in this whole procurement process, at any point ask the Health and Safety Executive to lower its technical standards for the procurement of PPE?

Jonathan Marron: We were in discussion with the Health and Safety Executive about whether these were an appropriate use, given that we knew they were in use in other parts of the world. There was not pressure but a discussion about whether this was an appropriate mask for us to supply. In no case have we tried to pressure the Health and Safety Executive, and we have been really clear that we have supplied to the NHS and social care only materials that meet the required standards.

Q246 **Shabana Mahmood:** My question was really about the lowering of standards, appropriate or not, as to what fits at any given moment. That is slightly different from whether they have been decreased and are still considered appropriate, or whether they have been increased and are considered appropriate. I am talking about a lowering. Were the discussions that you were involved in with the HSE around a lowering? Was there a perception that the HSE standards were perhaps too stringent, and that they could, therefore, be lowered in order to get the PPE in?

Jonathan Marron: No. I think that is not the correct characterisation. These are respirator masks. These are second-line masks anyway for us. We really want to use FFP3 masks. We are one of the few countries in the world—I believe Sweden also uses them—to use a higher standard of respirator mask than everybody else, one with a 98% filtration rate.

We have tried exceptionally hard to continue to supply the NHS with those masks at that higher level, which is beyond the WHO guidance. The WHO recommend the FFP2 mask. In this purchase, we were looking at FFP2 masks in case we needed to use them, because we had not secured an ongoing supply of FFP3 masks. In that sense, it was already a purchase looking at how to cover a risk.

Given that these masks were available in the market, the discussion was about whether they were appropriate. It was not a question of lowering standards. It was about whether we can use this available product, which we can secure in the market. That reflects the difficulties we were having securing supplies of our choices in this period. That is why we went ahead with this particular order.

Q247 **Shabana Mahmood:** Can you tell me, Mr Marron, how many of the 32 billion items of PPE that were ordered by July of this year have been fully checked to confirm that they meet the standard required for the purpose for which they were bought?

Jonathan Marron: Of the orders that we have received and been able to check, 0.5% do not meet the clinical standards. Of course, there will be some others, like this mask, where our aim was to buy a mask that could be used by the NHS if required but could not be used as a respirator mask. There is a number above the 0.5% that would fall into that category, but I do not have that number to hand.

Q248 **Shabana Mahmood:** Is that 0.5%, though, of the 32 billion that has been ordered by July? Can you set that 0.5% in context?

Jonathan Marron: I think we have checked 18 billion. It is not all 30 because they have not all arrived. We do not finish our process of checking until we have hands on the material in our warehouse. That figure will change.

Q249 **Shabana Mahmood:** That is helpful. Thank you. From the Report on the supply of PPE, the Department told the National Audit Office that 195 million items were potentially unsuitable. Can you give us an update today? Is that 195 million related to the 0.5% figure you have given, or were you measuring at different points?

Jonathan Marron: The 0.5% figure is of items that do not meet the clinical standards that they were bought to, so they are unusable. The NAO number has a wider group of products in it. These masks, which cannot be used for the intended purpose, would feature in the NAO's number.

Q250 **Shabana Mahmood:** Just to be clear, it is not the National Audit Office's number.

Jonathan Marron: The number that we agreed with the National Audit Office. My apologies.

Q251 **Shabana Mahmood:** The National Audit Office notes in its Report that it was not able to verify that figure, obviously. We can understand that. I am just trying to understand the relationship between that figure, the 0.5% figure, where you are up to in terms of checking and how you are designating whether something is unsuitable or unsafe.

Jonathan Marron: The 0.5% number is the number that we use internally. Of the goods that we have received and checked, 0.5% of products do not meet the standards, are not safe to use and we will not release them. That is what that number refers to.

Q252 **Shabana Mahmood:** Thank you. That is very helpful. What is the full value of PPE orders that cannot be used for their original intended purpose? Are you able to give us a figure today?

Jonathan Marron: We are still working on that figure, not least because we have not got the full order in. The value of the inventory is not fully completed.

Q253 **Chair:** Have you got a benchmark?

Jonathan Marron: I am afraid I do not have a benchmark. The 0.5% figure is a volume benchmark.

Q254 **Chair:** When will we have that number?

Jonathan Marron: We are making good progress on the inventory management and costing our full inventory. That would allow us to put a number to this. Maybe I could come back within a credible timescale.

Chair: That will come out in the accounts.

Q255 **Shabana Mahmood:** If you could write to us with that number any quicker, it would be very helpful. What action is being taken to recover the costs of substandard PPE, including on any payments made upfront to secure the contracts?

Jonathan Marron: We talked about this briefly at the beginning of the hearing. We have clauses in our contracts to allow us to recover costs. Some of those processes have started, but we are not yet in a position to be able to give a full answer on how much or how far we have got.

Q256 **Shabana Mahmood:** With reference to the 0.5% that cannot be used at all, are you able to give us any ballpark figure for what sort of costs you think you might be recovering?

Jonathan Marron: I am not confident that I can give a figure I would stand by, so I think that is when I should come back to you.

Q257 **Shabana Mahmood:** I will finish with this questioning. Mr Chisholm, when you gave evidence to the Committee back in June, you were asked specifically whether you thought that national PPE contracts had been value for money, and you said yes. You made quite a robust defence with reference to the fact that, as we all understand, it was a sellers' market and you were going to end up paying more for kit. Now that we have had so much discussion of kit that was unsuitable, unsafe or, basically, just a waste of money, do you have something to add to the comments you made previously about value for money.

Alex Chisholm: No.

Q258 **Shabana Mahmood:** You still consider it to have been good value for money, even though we ended up buying lots of kit that was unsuitable and, as we have heard, unsafe—boxes with insects coming out of them and all the evidence that we took last week. Do you still think that is value for money?

Alex Chisholm: If we find out that only 0.5% was unusable, given the scale of procurement and the conditions it took place in, that is a reasonable score. You will never have 100%, so 99.5% is a good result for colleagues in the Department of Health and Social Care, and it will compare well with other massive-scale procurements.

Q259 **Shabana Mahmood:** Well, we will soon know once all the 32 billion or so items have been checked.

May I move my questions on? This is more suitable for Mr Williams, I think. What steps have you taken to investigate the experience of frontline staff early in the pandemic? You have obviously spoken strongly about how no authority ran out of PPE, but that does not match the frontline experiences that we have been hearing about. There is a mismatch there. What steps have you taken to investigate that mismatch?

David Williams: As Mr Marron set out earlier, our principal engagement with the frontline has been via daily calls through NHS operational channels, but we have said that we are happy to go through the evidence of the witnesses in the panel last week and to come back on any points there that we need to address.

Q260 **Shabana Mahmood:** With respect, Mr Williams, some of the evidence—some of the particular examples such as insects and so on—was particularly shocking, but the overall experience of panic stations about the availability of PPE on the frontline was not a shock to anyone who has been watching the news for the past few months. I am wondering about the curiosity in the Department about the difference between what you are hearing through your official channels and what people are saying on the ground. What steps, if any, are you taking to investigate that? Beyond just looking at the evidence from last week.

Jonathan Marron: The first thing we have done over the past period of months is to ensure that we do not get back into the position that we were in in March and April. Clearly, people were experiencing concerns and difficulties, so we have worked hard to ensure that there is sufficient stock to meet the needs this winter of both health and social care. One of the things that was particularly difficult was that we were delivering stock every single day to NHS hospitals, but even if we delivered every day, whether people were confident that we would come the next day was always a worry. We have now been able to move to a system of running inventory management, and hospitals are telling us what level of stock they would like to keep—

Shabana Mahmood: We have got that.

Jonathan Marron: In terms of talking to staff, we have moved from being an emergency response focused on how we get stock in, and we now have a much more stable PPE organisation. We have a customer team and are working hard on a whole series of customer workshops, talking to the different staff members, be they GPs, nurses, pharmacists or social care—just to get a better understanding of what people want. That is a significant piece of work.

The final thing that we have worked really hard on is making sure that we are listening to and hearing the concerns of our black, Asian and minority ethnic colleagues.

The PHE report on disparities showed the impact that that community has felt, and we have worked really quite hard to try to pick that up. There are things directly on PPE, around fit and size, particularly when it comes to respirator masks, which need a close fit. We have learned we need to have a much wider range of masks, so that more people can get that effective fit.

I think there are lessons around communication. NHS England has worked hard with hospital providers and NHS providers to ensure that all staff have a risk assessment and that we are working harder to ensure that colleagues from black, Asian and minority ethnic communities are engaged in the leadership decisions. And we are working on the communications and making sure that we have clear and credible communication that people can engage with.

Q261 **Shabana Mahmood:** Thank you for that, Mr Marron: I was going to ask you about the experiences of black, Asian and other ethnic minority staff on the frontline. I appreciate what you have said—I just wonder why their experiences were missed in the first place.

I understand you are taking steps now to address some of those disparities. It's not exactly a shock that large numbers of BAME people work in the NHS, so why weren't these processes in place to begin with, just as part of your normal way of operating, so that you could have picked up on the disparities right at the outset or, indeed, prevented them altogether?

Chair: That question might be beyond the reach of some of our witnesses in that form. What about in terms of provision?

Jonathan Marron: On PPE specifically, one thing is just making sure that we have the range of sizes in the kinds of volumes that might be needed. That has been a challenge, so we have worked really hard to make sure we are supplying the extra small right the way through to the extra extra large and extra long size, which I certainly didn't know existed until we really worked hard on getting people what they needed.

Another one is respirator masks, which are not used very much in the health service. It is not a product that we normally use. The pandemic has meant that large numbers of people have had to use it, and there are two things that we have learned. One is about having that range of different products, to allow more people to achieve that close fit that is required, but this is also about having enough continuity with the products provided to particular providers so that people are not having to refit-test repeatedly, which obviously takes time and is stressful.

We have worked really hard on that project. We have a fit-testing project, which has worked with a wide number of people, just to really understand different shapes so that we can feed back to manufacturers and try to make sure that hospitals have not just one mask from one provider that they have been used to, but a range. We have been really trying to make sure that, as this crisis continues, we really do have the range of kit that people need, and people can carry on their work.

The final product—this is not mainstream; we have not done it in the billions of some of the others, but we have experimented with some new technology. I don't know whether you have seen the powered respirator hoods that we have a small number of and that allow people who could otherwise not wear face masks to be properly protected. So we are trying to work on what a proper range of products would be.

Shabana Mahmood: That's it from me, Chair. Thank you.

Chair: Thank you very much. I will now go to Mr Gareth Bacon MP.

Q262 **Gareth Bacon:** I would like to ask Mr Williams about the delivery of PPE. You ordered quite a lot in April and May, but received comparatively little. It started to increase from June and then massively ramped up in July and August. What were the reasons for the delay in the delivery of PPE?

David Williams: The delay was driven partly by manufacturing capacity, but it was also then about the challenges of getting large stocks of PPE, primarily from China, to the UK. We prioritised rapid air freight for those items that were in particularly short supply, but looking at the volumes, quite a lot of our shipments have come by sea. Where we have been buying quantities to last us into the second half of the year and winter, that has been fine, but availability of air freight was a bit of a constraint at the start of the process.

Q263 **Gareth Bacon:** I have heard that about 14% came by air and 67% by sea, and obviously China is a very long way away. Tell me a bit more about the limited availability of air freight. Was that because passenger airlines were flying a lot less frequently in the spring, or was there another reason?

Jonathan Marron: That was certainly one of the reasons. A lot of the cargo from China comes in the belly of passenger planes, so as the passenger airline market fell out, that normal route dried up. We worked hard to secure our own direct flights, including, as you will have seen pictures in the newspapers, British Airways passenger planes that we loaded not just in the belly, but the seats—the passenger compartment— with PPE. We worked really hard to secure the air freight that we could, but the volumes of air freight coming back and forth were much lower.

Q264 **Gareth Bacon:** Was cost a consideration? I appreciate that planes are much smaller than cargo ships, and they tend to be much more expensive as well. Was that a factor?

Jonathan Marron: No. Where we could secure air freight to meet immediate need, we did. Where we had product that needed to be shipped and air freight was available, we used that. We obviously also used sea. We actually also used some land transport. We booked trains that came from China through Russia. That is slightly quicker than a boat, but obviously a lot slower than a plane. We worked on all the transport options to try to get the materials back to the UK as quickly as possible.

Gareth Bacon: I think that will do, Chair.

Chair: Thank you, Mr Bacon. Sir Geoffrey Clifton-Brown.

Q265 **Sir Geoffrey Clifton-Brown:** We have had a long session, so I will address these final questions just to you, Mr Williams. I would have addressed them to others. The first question, which is outside of PPE, but within our evidence—you will tell me if this is sub judice—is about the NHS contract with Faculty and Palantir, which you had to publish under threat of legal action. In this contract, you allowed the transfer of private health data of millions of patients to these firms. Imperial College has said that these patients' data can be individually identified. This is a pretty serious breach of data control. What have you done about it?

David Williams: I will have to write to you on that one, Sir Geoffrey.

Q266 **Sir Geoffrey Clifton-Brown:** I suspected that might be the case. Did recommendation EU 2020/403 on the relaxation of standards lead to significant amounts of substandard PPE that subsequently had to be thrown away?

David Williams: I don't think so.

Jonathan Marron: Is that the easement?

Sir Geoffrey Clifton-Brown: Yes.

Jonathan Marron: I think the key thing is it just allowed us to use products that are not CE marked. A lot of the conversations that we have had about how we certified that products met standards were because we could not rely on a CE mark, and we were then trying to use alternative ways to show that the products had met the standards that were required. So no, it did not remove any sort of quality bar, but yes, it allowed us to use products that we would not otherwise have been able to.

Q267 **Sir Geoffrey Clifton-Brown:** Mr Williams, we have heard endlessly about the 2 billion items that you were ordering by the end of July that would give you the four-month supply by November. The NAO tells us, however, that although more PPE has been used than in normal times, less has been used than your Department modelled, and critically, 32 billion items could last for around five years.

Q268 We heard from Mr Marron earlier that you are giving some of that PPE to social care for free, I think, over the winter, but that sounds like an awful lot of surplus PPE. Will you make sure that the inventories are correctly followed and that none of that goes out of date and is therefore wasted?

David Williams: We have deliberately built up a larger stockpile. We continue to find new use cases. Mr Marron spoke about community testing and PPE requirements for vaccines. We will keep that requirement under review.

We are, though, looking at our holdings by type of PPE. Each type will have a slightly different shelf life. Where the shelf life matches our usage, that is

fine, but elsewhere we are looking at options to reduce or end some of our later-phase contracts, if that is appropriate, or potentially to share or sell some of that PPE with partners. It is quite a dynamic situation. What I am keen to make sure is that we have really thought that through before I give you a definitive answer

Q269 **Sir Geoffrey Clifton-Brown:** That sounds like a rather long-winded answer, and I asked a direct question. That is a huge amount of surplus. Will you assure this Committee that it will be managed properly so that none of it is wasted and none of it goes out of date? If necessary, will you give it away to the NHS or social care bodies?

David Williams: Yes, I am happy to give you the assurance that we will manage it properly.

Q270 **Sir Geoffrey Clifton-Brown:** Brilliant, thank you. This is the final question from me. This is evidence from Arco. Does the Government target that 70% of PPE should be domestically produced by the end of this year apply to finished product or processes and materials provided from abroad?

Jonathan Marron: It is not a specific target. That number is the amount of PPE that we require from December through to February that will be met through our UK Make contracts. It is quite a complicated statistic. We have essentially got ourselves to a position where we have good UK Make across a wide range of PPE. We have that for most products, bar gloves— gloves are still all imported. We are looking at whether there are good resilience grounds for thinking about trying to do some more work on UK gloves.

Q271 **Sir Geoffrey Clifton-Brown:** That is very helpful, Mr Marron, but given that you have these very large stocks of PPE, which might or might not—depending on what happens in the future—last several years into the future, how will that encourage domestic production? Presumably, you will be considerably reducing your contract requirement at least until you have this surplus under control?

Jonathan Marron: Some of the PPE stocks are things that we use in quite large volumes anyway. There is high demand in the NHS and social care for aprons and gloves. Some of those are easier. For things like respirator masks, there is a bigger challenge. If the vaccine is highly successful and is rolled out next year, and this all goes away then, we will have more work to do on this. However, we continue to plan on the basis that we will need PPE into 2021. We are ready if things don't go quite as everybody would like them to.

Chair: Certainly not today.

Q272 **Sir Geoffrey Clifton-Brown:** I have one final question to Mr Chisholm. What lessons have you learned from all this PPE procurement that you might apply to future large-scale emergency procurements?

Alex Chisholm: Quite a number have come out during the course of the hearing. We heard a lot about documentation, transparency and systems.

The point that Gareth Rhys Williams was making was very important. We had to create a parallel supply cell because SCCL, the existing one, was overwhelmed. They were themselves in a process of upgrading their systems through digital transformation. If that had been finished, we would have had much better scope. Those are definitely some of the main lessons. It is worth recognising that, overall, although this procurement has been extremely expensive, it has been successful in making sure we did not run out of PPE. Obviously, if we had, that would have been a major problem.

Q273 **Sir Geoffrey Clifton-Brown:** Just.

Alex Chisholm: Just. And it was perhaps too tight to be comfortable.

In what was obviously a sellers' market, appropriate measures were taken to try to reduce the cost overall and preserve value for money, which is important. At the end of it, we have ended up with a good stockpile, which will see us through not just this winter but, as you say, hopefully the period well ahead. We now have a complete e-portal that enables us to meet the need not just of the NHS but adult social care, which is a significant improvement on the situation we had before. We also have a

much better understanding about global supply chains, including where the products are made originally, not just for intermediaries. We are in a much better situation at the end of the year than we were in back in March.

Sir Geoffrey Clifton-Brown: Thank you very much, Mr Chisholm.

David Williams: If I may join those last two questions, if you look at ventilators, PPE and testing supply, we have gone through a pattern of global procurement and then building up the UK base.

Chair: We will be looking at two of the three of those.

David Williams: Thinking about our resilience—what resilience we want in the UK going forward, off the back of this pandemic—

Chair: That is going to be a subject not just for this Committee but for other Committees. We will be looking at it with you in due course.

Q274 **Olivia Blake:** I have two quick questions. One is about the impact of what was kind of described last week as the hierarchy of provision of PPE to different care settings, and the impact on those with learning disabilities, autism and so on. Do you recognise that description of where PPE was getting to, and that learning disability settings and home care settings were treated differently, in terms of provision?

Jonathan Marron: My understanding is that we have supplied PPE to all registered providers of residential care and domiciliary care, so I don't think I recognise that description.

Chair: Maybe we need to pursue that in writing, Ms Blake?

Q275 **Olivia Blake:** Absolutely. Finally, I don't think we have touched on it today, but obviously the role of local government in some parts of the country was crucial. There were lots of swap shops, with people on the phone to their director of public health and moving items across areas. How much do you think that covered issues of supply?

Jonathan Marron: I think that local government has played a fantastic role throughout this process. In terms of supply, we know that there are local authorities that have had significant success procuring their own PPE and making it available, and that obviously helped in the days when we were most short.

The other thing is that most of the PPE that local authorities provided was supplied by us. They played an absolutely critical role through the LRFs, in taking PPE from the national procurement and making sure it got to the people that needed it locally. Throughout April, we would have had extreme difficulty if the LRFs and local government hadn't stood up to do that job.

Chair: Thank you, Ms Blake. Sarah Olney MP.

Q276 **Sarah Olney:** I have just a couple of questions. In some of the feedback that we received on Thursday at our pre-hearing, there was a strong suggestion that the lack of PPE may have played a role in certain people contracting the virus. Do you have any evidence about that or any suggestions from your own research that that might have happened?

Jonathan Marron: The issue of health and care staff that contracted the virus, and indeed those who very sadly lost their lives, is a very serious one. Our thoughts are with the families. It reminds us of the risk that our frontline workers take, particularly in a pandemic.

In terms of the deaths, in particular, all deaths in trusts are being investigated by the medical examiners, and they have referred any cases to the Health and Safety Executive where we think there is a chance that it was a work-related exposure that led to the death. The Health and Safety Executive will now examine those, and we essentially await the outcome of their investigation. It is incredibly important this is done well and if there are lessons to learn, we should learn them.

At the current stage, there is no evidence yet—indeed, the NAO recognises this in its Report—that there are any links to availability of PPE, but we await the investigation of the Health and Safety Executive and we will act on their findings.

Q277 **Sarah Olney:** Thank you. The other question I had was around the sectors beyond health and social care. I am thinking particularly of transport workers in London, for example. We know that as of the end of June, 44 transport workers had lost their lives due to Covid. At the beginning of the pandemic, and for quite a long time, there was no suggestion that workers like transport workers needed PPE.

There was a suggestion from the BMA at our Thursday meeting that perhaps if more workers, beyond just health and social care, had been provided with PPE from an earlier stage, then the pressure on the NHS may have been less. Can you comment on why the guidance from the Department for Health was not for PPE for other workers from an earlier stage? Can you answer that, Mr Williams?

David Williams: It's Mr Marron again, I'm afraid.

Jonathan Marron: From the very beginning, we have had some guidance for PPE for workers beyond health and social care, particularly the police and prison officers—largely people whose work would lead them to have very close personal contact, in a similar way that a health and care worker would. Indeed, we have supplied PPE to both the Home Office and the Ministry of Justice. We continue to work with colleagues across Whitehall to make sure that where there are use cases that they believe are appropriate, we can supply PPE.

The other major change was that as the evidence built that all of us wearing face coverings in enclosed spaces, such as public transport, would reduce the risk, that led us to change the guidance there. That was an important step.

Q278 **Sarah Olney:** Do you think that if we are planning for future pandemics and taking the lessons from this one, recommending PPE for a much wider range of workers, and making sure that that PPE is available for them, will form part of future planning?

Jonathan Marron: I think we have worked really hard on trying to follow the clinical evidence and the advice on where this is most effective. If that evidence changed, we would clearly want to look at that.

Q279 **Chair:** There are groups of people like taxi drivers, who would never have been in the purview of the health system but are very exposed. Thank you very much, Ms Olney. I thank everyone for a marathon session. Two reports, big subject, lots of witnesses and very committed and well prepared Committee members seems to be a formula for a long session.

Just to ask you, Mr Williams, about Dr Stanton, who left NHS Test and Trace and secured a job with a private sector body after being there four months. As accounting officer, are you content that all the normal processes are in place and that there is protection in that very dramatic shift?

David Williams: Well, she worked with us for a limited period of time. We put her now current employment through the standard business employment rules. In substance we were not worried about it. There is clearly a risk around perception. We applied some restrictions to her activity in that new role for a commensurate period—so four months, to match the time she had been with us. So it went through a process.

Q280 **Chair:** It is just a really knotty issue when you are getting people who come in and out of Whitehall—not the normal career path. We have been one of the Committees that has sometimes said that you want people like Mr Rhys Williams to come in with expertise from outside; but there is always a risk, and in this case Dr Stanton has gone to work for Oxford Nanopore four months after. So people come in from the private sector, use Whitehall as an ability—I am not talking about her, particularly, because I don't know her or what she did, exactly—to potentially burnish their credentials, it gives them a leg up into a sector because of their inside knowledge of Whitehall, and then they get another job.

Is there an issue here for Whitehall—that some people come in, pass through and do very well, and we don't hold on to that expertise, and others will stay in Whitehall and do not benefit from the outside things? There are a lot of issues there. On this one, you are saying you are convinced it is okay.

David Williams: On this one we put it through a proper process and we were—

Q281 **Chair:** Is the process fit for purpose for this sort of—

David Williams: I think the particular challenge in the context of the response to coronavirus is that in a number of our areas we have relied quite heavily on people coming in and making a contribution to the national effort for a relatively short period of time, and moving on, and the balance, there, of the imposition of strong business appointment rules.

I can think of at least one case of somebody who I was keen to bring in—but the lack of ability to give them confidence that at the end of it business appointment rules would not apply in a way that was detrimental to what they then wanted to do: so I think there is something for us to think about as part of our lessons learned about how, in situations like this, we balance the public interest with a fair deal for the individual.

Q282 **Chair:** I think what we have seen today—some of the PPE procurement, some of this sort of thing—is that people who enter the civil service for a short time and then leave with a business contract or to provide services or as employees, don't tend to do badly when they leave, do they?

David Williams: I take your point, Chair.

Chair: It is perhaps too late in the day to have a detailed discussion about this. I should just say we had hoped and expected to have a representative of NHSE&I, which was another doctor—Dr Emily Lawson. As well as being the SRO for PPE, working with Mr Marron very closely on that, she is the SRO for the vaccine programme, so she will now be coming in front of us on 11 January; but, as it was within a week—well, the vaccine is only just being rolled out—we gave a rare pass to a witness, so thank you, Mr Marron, for covering both those areas. That is why we didn't have an NHSE&I witness directly, but we will be able to ask Dr Lawson any questions we have on vaccines, or, indeed, on this.

David Williams: I am grateful for the Committee's forbearance.

Chair: It is an unusual thing, Mr Williams, so don't push it next time, but in this case we did recognise the vaccine was possibly even more important than this Committee, which is a rare thing for us to say. I thank you very much for your time on a marathon session, but it is really important that we get to the bottom of it. It is taxpayers' money that is being spent.

Some people have made millions of pounds. There have been go-betweens and others who we know have made a lot of money. We may well come back and look at this, of course, again. Of course there is legal action taking place against some of the companies—one of the reasons why it is harder to discuss this in public. Once that is out of the way, we will be able to have a further discussion, we hope, with you. Thank you very much.